

# Is the Transatlantic Century Over?

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On the 9th of June 2015, Joseph Nye stood on the stage of the Old Theatre at the London School of Economics and spoke about his latest book, "Is the American Century Over?" He expounded on his argument about why America still matters and will continue to do so, in a world where new economic powers have emerged and grown to become equal partners with the West in some areas of the international political arena. Given the utmost import that the longstanding relationship between Europe and the U.S. has for shaping them as international actors, any argument considering closely American longevity on the international stage would have direct implications for Europe's role in global politics and, by extension also on the future of the transatlantic relationship. In his book, Nye considers Europe alongside other states in relation to the US, aiming to assess

the potential that the old continent would have to threaten American's position in the world. He concludes that, when we focus our attention on the role of material factors in determining future global leadership, Europe poses no risk for the US. Moreover, Europe's position relative to North America is assumed to be "weak" at present and with few prospects for change in the coming 40 years.

Building on Nye's argument about the role of the United States, this policy memo elaborates on the future of Europe and its role relative to the US, drawing also a number of conclusions regarding the nature of the transatlantic relationship in a world in which power dynamics are shifting toward cross-border networks. This policy brief contends that, despite the perceived current fragility of the European Union due to economic recession, growing waves of refugees, and the recent Greek crisis, Europe's role will not be marginal due

primarily to its material powers, the ideal values it promotes, and also its decade-long experience with a network-based governance system. In a world where the US remains a leader, what will be the factors that will help Europe maintain a leadership position in the world? Are we looking ahead at a revived transatlantic partnership in an increasingly depolarized world? Or perhaps we will face a strengthening of EU's and US's independent bilateral relationships with new emerging powers, which in turn can lead to a weakening of their own bond?

## FROM HEGEMONS TO LEADERS

In his lecture and his book alike, Nye's arguments build on dichotomies he has developed more in depth elsewhere and which he distills into simple and very accessible language. Besides analysing the difference between absolute and relative decline, hegemony vs. primacy, or

isolationism vs. entrenchment, he proposes the well-established concepts of hard and soft power to make sense of state relations in an increasingly complex international order. Following Nye's argument, we are presently witnesses to a change in international power dynamics characterized by both a power shift at the state level and a phenomenon of power diffusion that involves non-state actors. Nye's current argument does not stand alone, as alternative visions of the world order have been surfacing in the past decade, while the paradigmatic nature of this transformed constellation of power is intensely debated. Some scholars speak of a new 'multipolar' world (Mearsheimer 2001; Kupchan 2002) in contrast to the bipolar system characteristic of the Cold War era and the ephemeral but significant 'unipolar' moment that prevailed in the 1990s and early 2001 (Krauthammer, 1990, 2003; Nye 2002). In different policy areas, this world system has been described as characterised by non-polarity or inter-

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polarity (Haas, 2008; Grevy 2009; Peterson et al. 2012). Irrespective of the term one uses and the general sense of uncertainty regarding the shape of our international order in the coming decades, there is no doubt that multiple centres of authority within and beyond the West will be a lasting feature of twenty-first century international politics.

In other words, the rise of the East has begun to redefine the long-standing balance of power that has had the states from the West as rulers in a hegemonic order. The BRICs have become increasingly important partners at the negotiating table, especially in economic and military terms. This government-level power shift is developing in parallel to the process of power diffusion from state institutions to non-state actors, such as civil society, trans-border NGOs, and multinational organizations. These new players on the international scene are responding to an increase in the pressure to find appropriate responses to relatively new transnational issues we face today, such as global financial stability, climate change, terrorism, and pandemics. They represent challenges to many governments and, when acting alone, states prove unable to address them successfully. The issue of whether existing INGOs or IOs are themselves in need of institutional reform or strengthening, in order to improve efficiency and effectiveness, is beyond the scope of this discussion. Nonetheless, there is no doubt that they will continue to play an increasingly important role in assisting governments in their efforts to tackle trans-border phenomena. In the coming decades, hegemony will no longer retain their dominant status, as the world becomes more depolarized. State and non-state actors will be interrelated in a network-like global structure. In this reconfigured world, the power of international institutions, governments and even individuals is directly proportional to the power of other partners in their regional

or global network. In this network-like world, no actor can exist without the others, and one's power depends on the power of the others'. Power is shared and becomes a positive sum game, as Nye maintains, in which cooperation is more inclusive and focused on transnational policies of global interest. Absolute power transforms into relative power. But is this new world order free of leadership? Where is the West headed?

#### **UNITED STATES AND EUROPE**

The future challenge for the West is to re-learn its role in the world and embrace the transition from being a hegemon in a hierarchy to leaders in a network-structured world. Although all governments face this same global challenge, Nye argues that the America's current position is unique and has prepared her to become a leader of this world – its current economic and technological primacy makes it likely to maintain an important role in the future. The United States remains strong, if Nye's prediction of America's continued powerful status will prove correct in future decades. But key to maintaining powerful status resides in developing the ability to convert power effectively into outcomes and to do so by also working collaboratively with others. In Nye's words,

"If the American century is to continue, it will not be enough to think in terms of American Power over others. One must also think in terms of power to accomplish joint goals which involves power with others". p.112

What does it mean that we speak (or write) of America's decline today? As Nye rightly emphasizes, one first needs to specify whether we are talking about "absolute" or "relative decline". Samuel P. Huntington also pointed out five different phases of US declinism in the late 20th century – after

the USSR launched the first satellite in 1957; after President Nixon's announcement of multipolarity in the late 1960s; after the Arab oil embargo of 1973; after Soviet expansion in the late 1970s; and after the onset of President Reagan's fiscal and trade deficits in the late 1980s. To this list, Nye adds the more recent period after the financial crisis and great recession of 2008. In line with James Fallows, the end of the World War II marked the time when the US's decline began to be considered in terms of 'falling behind someone else' and not simply as a falling short of its own ideals or God's wish for it. In Nye's terms, the aftermath of the war was the moment of a shift in perspective from an "absolute" to a "relative decline."

Despite America's domestic battles over culture, the weaknesses in many of its institutions (e.g. political gridlock) and a possible economic stagnation, Nye does not predict an absolute decline of America - comparable to the collapse of the Roman Empire over 1,500 years ago. The real challenge might rather come from a relative decline, due to the growing power resources of other countries, the potential contender number one in this regard, being China. By breaking down the different facets of China's power (hard and soft), Nye comes to the conclusion that it is not likely that China will surpass the US in the foreseeable future. To back up his arguments, he introduces telling nuances that shed light on a more complex situation than usually described. For instance, looking at economic indicators predicting that the Chinese economy (GDP) will be larger than the US one in a few years' time, Nye argues that it is a flawed way of measurement as it does not take into account the level of sophistication of the economy, and its level of innovation in science and technology. In his own words, "Chinese often complain that they produce iPhone jobs, but not Steve Jobs" (Nye, 2015, p.52).



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Parallel to Nye's argument about North America, can we speak of Europe's decline?

The years following the 2007 wave of new member state accession marked the beginning of what the media have repeatedly treated as the beginning of the European decline. Against the background of global economic recession, the integration capacity of the European Union came into question. Fears of mass emigration out of Romania and Bulgaria drove a number of older member states, such as Spain and the United Kingdom, to impose severe barriers for European citizens from the two countries, especially when trying to enter the labour force. Fiscal problems in Greece and the crisis of 2010 have caused anxiety about the stability of the Eurozone, while the recent protests in Greece and the increasingly stronger anti-EU voices heard in Britain threaten to shake the existing stability of the Eurozone. Additionally, the increasing numbers of refugees and illegal migrants who arrive on European territories from the Middle East and African countries fuel discontent and xenophobia amongst citizens of member states.

What is Europe's role in this transforming world? In the framework of Nye's argument, the European Union is in many respects an equal to the US but its future development ultimately does not represent a threat to America's maintained leadership position. As Nye words,

The key question in assessing Europe's power resources is whether the EU will develop enough political and social-cultural cohesion to act as one on a wide range of international issues, or whether it will remain a limited grouping of countries with different nationalisms, political cultures, and foreign policies. p. 25

When comparing the two, Europe has the world's largest economy and a total GDP that is larger than the one of the United States. In addition, Europe has about 500 million inhabitants with constant waves of migrants crossing its borders compared to North America's population of 310 million. American per capita income is higher, but both countries are peer competitors in terms of human capital, technology and exports. At the same time, Europe's power is lessened by significant demographic problems reflected both in birth rates and in the political acceptance of migrants. As far as military power is concerned, Europe's spending is half of the one of the US, but the number of men under arms in all member states surpasses the American equivalent (Nye, 2015, p. 25). But the EU lacks military integration, which makes it less effective in international conflict. In an international setting, EU member states have long been equal partners, such as in the WTO and IMF, and the EU dispenses half of the world's foreign assistance, which is more than double the one handled by the US, but its effectiveness is limited in more distant areas like Asia. Additionally, Europe is first to set the global standards for privacy protection in cyber space by which multinational companies need to abide and is also a leader in climate change regulation.

Taking the argument further, one can argue that Europe's current leading global position represents a clear promise of it remaining a global leader in a reconfigured world of international politics. Its pre-eminence in terms of soft power promises that it will remain by the US's side as leaders in a transformed world that is organised as a network made up of both state and non-state actors. Shared values in terms of human rights and democratic principles will allow the two to continue a bond stronger than they have with any other region in the world. Despite inherent diversity among member states, there is no reason to believe that

European cultures will not continue to have a long-standing appeal for other countries. Moreover, the European Union's decade-long experience with its unique multi-level governance system consisting of a network of interdependent sovereign states has prepared it well for leading the way in a world with a reconfigured power balance. Its strength lies precisely in its members' diversity and the knowhow gained through coordinating these differences effectively. In fact, Europe can be considered a multi-governance system at the regional level from which other states, including the US, can learn. As the world is moving toward a multi-polar network-like order, the place of hegemony will be taken by leaders with the experience to govern over cross-border and cross-issue diversity. Europe has clear potential to be one.

## TRANSATLANTIC CONSIDERATIONS

When discussing the nature of a European and North American decline and the two powers' capacity to remain future leaders, assessing the present and future health of the transatlantic relationship is momentous for at least three reasons. First, historically the transatlantic relationship has played an important role in shaping national self-perceptions of the US and European countries as international actors. Thus the belief of a decline in American power can also play an important role defining EU's position toward its own power. The reverse is also true - despite different positions with respect to a number of policy issues of global import, the perpetuation of US's power in the international arena has an impact on the positions taken by European member states individually and in coordination. Second, changes in the nature of US power develop in parallel with reconfigurations of European relations in response to new challenges in the global arena, such as the economic rise of the BRIC countries, climate



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change, or the fight against terrorism. Third, the self-representation of the US and Europe as the West that advances an arguably unitary position in world affairs is rooted in their ability to shape the direction of international politics according to their views and interests. Thus the resilience of the transatlantic relationship is a key determinant of the overall shape of the international system in the twenty-first century.

The transatlantic partnership is not without its troubles. In the past years Europe has showed a great deal of general public support for the policies of the Obama administration, who presented US responses to certain global challenges in terms that Europeans could relate to. For instance, the US has acknowledged that climate change has a human origin and replaced the discourse of the “global war on terror” with the “fight” against al-Qaeda and like-minded groups. Moreover, no policies were passed with directly divisive goals aimed at Europe. On the contrary, a united Europe has been considered a key US interest. All of the above, however, does not provide sufficient support for the hope of a strengthened transatlantic relationship, as expressed earlier in the years of Obama’s government (Stelzemueller 2010). By way of contrast, the US has not been willing to cooperate with European partners on issues such as the conflict in Afghanistan, Syria’s civil war or the response to the 2011 uprisings in the Arab world. Worse still, the discovery of a large-scale surveillance programme through which the US intelligence acquired communication and privacy data of millions of foreign nationals, including European citizens, led to what can be considered the most significant breach of trust in the transatlantic partnership and a loss of US legitimacy amongst EU member states and their citizens.

The long-standing tradition of the transatlantic partnership is a predictor of its future longevity in a reconfigured world. The ideational feats that characterize this relationship, in particular the commitment to liberal democracy and individual liberties, are complemented by common values and identities that neither Europeans nor Americans could conceive of differently (Ikenberry 1996; Deudney and Ikenberry 1999; Sefarty 2005, 2008) and that can ensure its future endurance and uniqueness in the world. The resilience of the partnership is also based on a foundation of recent economic and political history – for instance, the transatlantic economy still continues to represent 48 per cent of the world economy (Hamilton and Quinlan 2013) and, notwithstanding the growing importance of EU-Asia and US-Asia trade relations, two-way trade in goods between the EU and US still accounts for roughly one-third of global trade. Transatlantic trade in services nears 40 per cent of global trade, while the EU and US combined account for three quarters of the total size of global financial markets (Hamilton and Quinlan 2013). Although the institutional integration of the American and European economies may be rather limited, the interpenetration of the two is still unrivalled in the world. Defined in terms of the economic value of all US-European trade and investment, the transatlantic economy generates 5 trillion dollars of commercial sales a year and employs up to 15 million workers (Hamilton and Quinlan 2013).

In line with Nye’s argument about the future of a reconfigured world order, if Europe and America remain allies or even neutral, their resources could reinforce each other. Moreover, Europe’s experience in multi-level governance at the regional level can prove to be a source of knowhow and learning for the US as well as other state and non-state actors in a networked world.

## CONCLUSIONS AND POLICY RECOMMENDATIONS

Is there such a thing as an American century? Or an European or transatlantic century, for that matter? As Nye points out, using such a term as an identifier for an actor is an arbitrary construct, or attempt at capturing a country’s power and positioning it on a historical timeline. Going a step further, we could even consider it a historical misnomer resulting from our intellectual inclination to look back at history and make sense of it in terms of grand powers and empires, all nicely laid out on a timeline of epochs of glory and decline. Entering into a dialogue with the future is an exercise in informed imagining in which one takes an analytic step back from the reality one inhabits and makes predictions about its future. Nye is particularly aware of the difficulties associated with this exercise and in discussing the American century, so recommends to keep in mind its successes alongside the assessment of its risk to face decline and be replaced by a different powerful state. The same can be said about Europe and its perceived decline due to economic and political pressures from within, while maintaining its unquestionable global power. After all, there is a significant difference between, on the one hand, a country developing and acquiring power and, on the other hand, that same country being able to act as a global power and thus also becoming a threat to the West’s position in the world order. Very important is also Nye’s warning of the imminent dangers that believing in the American or Western century nearing its due to the West being on an inevitable path of decline can pose for policy-making on a global scale. ■

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