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A new world order?

A methodological approach to the Soft and hard power
of the European Union

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Abstract

The European Union have since the signing of the Rome treaty in 1957, come to be a new superpower in the world, spreading the word of soft power through the economic and democratic cooperation in the pan-European continent. The theory of soft and hard power and the theory of diffusion of innovations illuminate how the European Union has been able to increase their influence and gain power in the world, as it has become the largest economy in the world. Through this soft power focus, the European Union has been able to grow and to act as a model for success as it attracts other parts of the world by the positive messages of cooperation and economic integration. This should be seen in a time when the US has increasingly acted unilateral in their foreign policy and experienced increasing legitimacy problems on the global scale. The understanding of the development of the European Union to its contemporary magnitude through the theory of soft and hard power and the diffusion of innovations, what I call cooptive enlargement, brings new light of how to understand its development and influence in the world. This theory could further be used to analyze and understand why and how other parts of the world create trade areas and Unions in their quest for future peace, democracy and economic development. The European Union has through this cooptive enlargement come to lay the foundation to a new world order, enabling all parts of the world to collide into a prosperous future of cooperation.

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“Let’s unite. And the world will listen to us.”

- Pro-European ad campaign, September 1992¹

Preface

In the history of mankind, empires and civilizations have raised above others, claiming their place in the sun. The same history has repeatedly showed the preceding fall of these reigns and civilizations. In this history, wars and battles have shaped the world and everything within it. What history books tell us about the dark past is that the future has to illuminate something else. Something greater than this past filled with the miseries of too many generations. Something not shaped by the vicious means of war. The 20th century is the first time in history that peace could conquer these fierce reigns and civilizations and the ever raised sabre of human destruction. This possible development of the new millennium has been faced with great resistance, but in an increasingly globalized world the word of peace is constantly growing as times goes by, laying out the opportunity of a new world.

This essay is about the development of the European Union, and what its evolution could mean for a possible future of the world. It is about six countries who started to cooperate in a continent of great destruction, by the hope of a peaceful and prospering future. The European Union today holds 27 members and constitutes the world largest market place, spreading the words of democracy, peace and multilateral cooperation. This essay is about how the European Union has come to take steps towards being a new superpower in the 21st century and how we can understand its success in a methodological way.

In today’s debate concerning the future of the world and the perils and hopes of globalization, China, Russia, India, and Brazil are repeatedly mentioned as the next great powers in the world. This essay is not an attempt to prove this wrong, but should be viewed as a reaction to this debate, since the European Union in fact has come longer in this quest for a new place in the sun. The US has since the end of the cold war been regarded as the only super power in the world, able to influence countries in never

¹ Meunier, p.1

preceded ways. Since 2000 and especially the tragic accident of September 9/11, this world order drastically came to change shape. The US, with their problematic war in Iraq, has experienced a continuous struggle for upholding their influence and appearance in the world. Against this background, The European Union has been able to broaden its borders by spreading the words of democracy and peace in Europe.

This study is not an attempt to say that the US is a shadow of its past and their influence and all their power will vanish as the war on terror proceeds. The US is still a great power, but in an increasingly interdependent world they will find it harder to project these powers. This study is neither an attempt to say that the European Union is superior to the rest of the world, a “Utopia” as Thomas More called it, or a new Roman empire. This study is contrary a way to understand what has made the European Union successful, and how we can understand this development in comparison to the US. No man is an Island, as John Donne so famously said, and neither is the European Union. As its critic’s rightfully argues, the Union holds many problems, especially the democratic deficit, but as the Union develops, so also its frontiers towards more democracy and better functionality. This study is not about the internal governing process of the European Union, which obviously has its hazards and challenges, but rather the process behind the Union that so many times seems to be neglected and overseen. This study should be read with this perspective, the story of the European Union has too many times been told based on its flaws and shortcomings.

1 Introduction

In the year of the 50th anniversary of the signing of the Treaty of Rome, the European Union has become the most successful area in the history of mankind when it comes to standard of living and the spread of democracy. This is due to the economic development of the single market and the political development of the European institutions. The European Union now holds 500 million citizens and is the biggest economy in the world.

During the 1990s the economic growth and the competitiveness of the European Union fell behind in a more rapidly developing and globalizing world, where the US continued to be the only superpower and the emerging markets in the Far East was exerting pressure on the European Union. Against this background the Lisbon Strategy in the European Union

was launched, that would ensure the Union “to become by 2010 the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion.”² The success of the Lisbon strategy has been waiting and criticized, but since the re-launch in 2005 the development has proceeded in positive ways as we will see.

Throughout the history of the European Union the question about its role in the international system in foreign policy has been widely debated, since different national interests and the function of national sovereignty has made the development difficult. The end of WWII and the reconstruction of the European continent through the help of the Marshall plan came to lay the foundation of the trans-Atlantic relationship³. The creation of NATO clearly marked the power of the US and the fear of a new great army on European soil. Already in the aftermath of the war, voices were heard promoting a joint European military agenda starting with Georges Bidault’s and Ernest Bevin’s proposal for a Western Union in 1947, saying that “Western Europe should be independent both of the United States and of the Soviet Union.” Followed by the 1950 European Defence Community, with the aim of an autonomous “supranational defence capacity with common institutions, common armed forces and a common budget.”, to the French inspired Fochet Plan in the 1960’s that wanted to create an independent political Europe capable of its own defence capacity and policy. The European Political Cooperation followed in the 1970’s to the revival of the Western European Union in the 1980’s that resulted in the declaration of The Hague in October 1987 saying that “the construction of an integrated Europe will remain uncompleted as long as it does not include security and defence.” This later laid the foundation of the Common Foreign and Security Policy in 1991, and the second pillar of the Maastricht treaty of 1992, the Common Security and Defence Policy, later also the European Security policy from 2003⁴.

In this context of a stronger Union, the Lisbon Strategy has been implemented in three fields; the environment, the economy, and social protection. Looking at the implementation of the Lisbon strategy we can see that the European Union has become a

² Egmont 2005 p.6

³ McCromick, John, 2002. p.61

⁴ Howorth, 2003

frontrunner in all these three areas on a global scale. The threat of global warming has reached the first place on the global agenda and the European Union is setting new standards for others to follow⁵. This development is also obvious both economically and socially when Joaquin Almunia, responsible for Economic and Monetary Affairs in the European commission, stated that the growth rate of 2007 is expected to be the highest of the decade, and at the same time nine million jobs are expected to be created between 2006-2008, and the unemployment rate down to seven per cent. The inflation rate in EU 27 is also expected to be 2,1 percent and in the Euro Zone 13 to 1,9 per cent which is clearly in line with the goals of the European Central Bank⁶. Against this background a new face of the European Union has emerged providing fundamentals for a more active role in the international arena while spreading the importance of soft means of power.

We can see how the European Union since the end of WWII has been taking small but important steps to its contemporary magnitude in the world and has become an actor of increasing importance, attractiveness and influence especially in the World trade organization.⁷ The Union now holds 27 members something many thought was impossible when the European coal and steel community was launched in 1947, and more are waiting to join. In the same time the US has been suffering from large setbacks and economic deficits and loss of foreign political legitimacy through the war on terror in Iraq and Afghanistan by acting increasingly unilateral in our interdependent multilateral world.⁸

The sub-prime financial crisis, a falling dollar, as expressed in the *Economist* "The dollar's decline already amounts to the biggest default in history, having wiped far more off the value of foreigners' assets than any emerging market has ever done...The bad news for America is that this, in turn, may mean that the world also has less need of the dollar."⁹ This together with the accompanying political unpopularity of the Bush administration in the US has deeply wounded the world hegemon. Anti-Americanism tends to grow greater in times of unpopularity and the US role as the unquestioned ruler in the unipolar world

⁵ Europe on the move, p.14

⁶ Financial Times may 2005.

⁷ Meunier, p.2

⁸ Kagan Robert 2003. p. 4

⁹ The Economist, Nov 15th 2007

seems to become vaguer as time goes by. The words by Robert Kagan that “it is time to stop pretending that Europeans and Americans share a common view of the world, or even that they occupy the same world...Americans are from Mars and Europeans are from Venus”¹⁰ seems to describe the contemporary complex relation between the US and Europe in a profound way. Robert Cooper articulates the transatlantic power relation and the role of the US and Europe like,

“In this postmodern paradise (as Robert Kagan calls it) it has been easy to forget that force matters. Unfortunately it matters more than anything else. Soft power is useful. Development aid does good and when strings are skilfully attached, it brings some influence; trade agreements are useful ways of binding countries together and provide some leverage during negotiations. But foreign policy is about war and peace, and countries that only do peace are missing half of the story – perhaps the more important half.”¹¹

Against this background of an increasingly unilateral USA that tends to go it all alone, voices have been raised of a stronger and more influential multilateral European Union with its universal values of human rights, democracy, economic integration, its increased standard of living and cooperation for sustainable environmental development, and its new military role through the ESDP and CFSP. The European Union did what the US has never been able to do in terms of influencing countries and spreading democracy when it included the ten former Soviet states in the European Union in 2004. This development has become to be a cornerstone in the post-cold war era in the 21st century’s quest for peace and global democracy. The attractiveness of the European Union seems to grow stronger over time and its values prevail as the ability of the US seems to vanish in their confusion of what level of soft and hard power to adopt in the modern world.

1.1 Purpose and questions

In this context it becomes important and interesting to explore if the European Union has a new role to play in this transatlantic relationship as a new superpower, and if we can see a

¹⁰ Kagan Robert 2003. p. 3

¹¹ Cooper Robert, 2003. p. 162

correlation between the decreasing popularity of the US and a more influential role of the European Union? What role does soft and hard power play to the different actors' ability to gain support and influence other nations in the contemporary world? Is the European Union and their soft power focus a model for others to follow in the 21st century? The final question concerns whether the past realist hard power definition of a superpower has shifted towards a more soft power influenced definition?

1.2 Method and material

This thesis will examine the new Role of the European Union and the transatlantic relationship (even though with emphasize on the European Union) and if the European Union can be considered as a new Superpower. Which role does soft and hard power plays to their attraction? Over time, the relationship between the US and the European Union has changed in terms of resources, power, and public perception. I will present statistics and data stretching over time to be able to support the arguments put forward. The independent variable will influence the ability to gain and use soft power and is represented by the economy, military, environment, and democracy. The dependent variable will be represented by soft and hard power and in what ways these are being implemented and used.

The method used for this thesis is predominantly qualitative, but statistics and data will be presented to show different measures and indexes. These will be represented by; Gallup-international, world value service, the Euro barometer, and the International monetary fund. These represent soft and hard power and how these are influenced by economic, environmental, democratic, foreign relations, and military means. Since the theory of soft and hard power is relatively new to the field of international relations, it makes it necessary to define which different measures and factors are those constitutes and represents soft power.¹² Since hard power is easier to define as military might, soft power needs to get a structure and framework to which it can be measured. Soft power as defined by Nye indicates how one actor can get another actor to take on an action without the use of force. Soft power indicates a form of attractiveness that other actors appeal to in this sense. In

¹² A developed definition of soft and hard power is presented in chapter 3.

this context indicators showing soft power would have to represent factors that others find compelling.

Against this background, indicators representing soft power will be statistics showing differences over time in the following categories. This framework consists of six factors which can be divided into five groups, political construction, economy, environment, foreign aid/external relations, and the military. The first indicates differences over time in GDP, as it enables a higher standard of living. The second is an increased use of the Euro as the world reserve currency, as it shows that the European Union is becoming more influential in the world financially. The third factor indicates how the countries of the European Union exceed the US in the Commitment to Development Index, which increases their soft power as they contribute to the development of the third world. The fourth factor shows the money spends on total foreign aid, which indicates soft power since it increases their attractiveness. The fifth one indicates how lower CO2 emissions represents a higher degree of soft power as global warming damages the third world predominantly. The sixth factor shows how the foreign policy of the US affects the rest of the world. According to how people in the world considers the world being a less safe place after the US invasion in Iraq, and that US foreign policies affects world countries negative. These factors can contribute and describe the popularity of the European Union and the loss of legitimacy of the US. In order to show this relation I will primarily base the discourse on the theory on Soft and hard power by Joseph Nye, which illustrates how Actors in the contemporary world (especially the US) have to focus more on the soft side of these two powers to be able to be successful in the 21st century. In doing so, I will also compare their view on their national security, when looking at the National Security Strategy and the European Security Strategy.

In the next part, an overview will be presented of how the thesis is structured in respect to key questions and how to go about in methodology. The first part presents the aim and purpose of the thesis that will lay out the foundation to which the rest of the thesis will answer. The second part concerns the method and material, where a deeper explanation is pronounced in reflecting upon the chosen method and material and their relevance.

2 Introduction to the Theory

The purpose of this thesis is to explore and elaborate on factors behind the attractiveness of the European Union and its possibilities to gain new power and to play a new role in the international system in terms of soft and hard power as a Superpower. What is its ability to use it, when the US has shown great difficulties in creating order and democratization in Iraq and Afghanistan? The main theoretical perspective will be based on Joseph Nye's theory on soft and hard power and how soft power has created a new foundation for the European Union in comparison to the US. This soft power focus of the European Union have given the EU advantages in terms of attractiveness over the US hard power dominance and how this can enable them to take on a new role as a superpower in the contemporary world.

This will be presented in the light of John McCormick's *The European Superpower* that deepens the insights and understanding of the European Union as a new Superpower in terms of economic, military, democratic, and environmental perspectives. When looking at the relationship and the attractiveness of the two different actors, the theory of social epidemics by Malcolm Gladwell will be presented as a contributing conceptual framework, which tries to enlighten what the factors are and how they work, those breaks equilibriums and fuels the tip into epidemics. In other words, understanding the dynamics and contributing factors behind the development of the European Union. What can we see as important factors making the European Union attractive, and also make the equilibrium tip towards the advantage of Europe? Can the new role and popularity of the European Union be explained partly through this conceptualization? Does the European Union represent a new type of Superpower?

In order to establish a more profound explanation of the concept of attractiveness and the soft power of the European Union, the theory on *Diffusion of innovations* by Everett M. Rogers will be used which shows how, why, and at what rate new ideas and change spread through cultures (in our case the European Union), that can give insights about future predictions and outlooks of the European Union. Questions that will be asked are: is the European Union a new superpower? Does the European Union represent a new kind of superpower? What different values are the European Union representing compared to the

US? How can we understand the attractiveness of the European Union to the US? What problems do we see today? Are there any solutions and future outlooks?

2.1 Related studies

In this chapter, I will introduce the founding theoretical framework on soft and hard power and how this can describe and enhance the understanding of the development of the European Union as a new super power. This theory will be supported by two converging theories, namely the tipping point, and the diffusion of innovations. These theories will provide a better understanding of how the soft power focus of the European Union has been able to expand the Union as we see it today.

2.2 Soft and hard power

To understand and get a more profound picture of the attractiveness of the European Union and its relationship to the US we have to take a closer look at the role of the theory on soft and hard power by Joseph Nye. The concept of soft and hard power was first described by Nye in 1990, *Bound to lead*, as an explanation of Americas role in the post-cold war era, and was further developed in 2004, *The paradox of American power*. He describes in Foreign affairs in 2004 the critical development of the US and its role in the world after the invasion of Iraq:

“Anti-Americanism has increased in recent years, and the United States' soft power -- its ability to attract others by the legitimacy of U.S. policies and the values that underlie them - - is in decline as a result. According to Gallup International polls, pluralities in 29 countries say that Washington's policies have had a negative effect on their view of the United States. A Euro barometer poll found that a majority of Europeans believes that Washington has hindered efforts to fight global poverty, protect the environment, and maintain peace. Such attitudes undercut soft power, reducing the ability of the United States to achieve its goals without resorting to coercion or payment.”¹³

¹³ Nye Joseph, foreign Affairs May 2004

This can be contrasted to the words by Heather Grabbe at the Wall Street Journal who speaks for the increased soft power abilities of the European Union through the adoption of the ten new member states in 2004. She argues the European Union is full of gloom about their vision for a common foreign and security policy, due to the divisions on the US policy concerning Iraq. But in contrast to this the European Union should embrace and learn from its failures and successes. Last weeks accession treaty with the ten post-communist countries marks the European Unions most successful and most effective foreign policy ever. These countries membership from May 1, 2004 is a true triumph of the soft power of the European Union, the force of attracting other countries as well as the ability to shape them in the European Unions own image. This indicates how the European Union has been constantly involved in state-building on a vast scale in Eastern and Central Europe. In this respect the European Union has been able to influence nearly every feature of economic and institutional reform in these countries. This stands in contrast to the US with their superpower status that cannot claim that any country has adopted their values and norms in the same magnitude as the candidate countries have done while taking on the model of the European Union.¹⁴

This explains in a clear way the critical role and the development of soft and hard power and how the US and the European Union attract and use these powers in their relations to other actors. Nye argues that September 11, 2001 came to play a vital role in modern history and in the post-cold war period. It seems clear that the US is the greatest power in history since Rome and the words of the *Economist* “the united States bestrides the globe like a colossus. It dominates business, commerce and communications; its economy is the worlds most successful, its military might second to none.” The German newsmagazine *Der Spiegel* contributes to this by saying “American idols and icons are shaping the world from Katmandu to Kinshasa, from Cairo to Caracas. Globalization wears a “Made in the USA label.”¹⁵

¹⁴ Heather Grabbe, 2003

¹⁵ Nye. P.1

In contrast to this Nye argues that if the US is to be successful in the future they have to step away from the notion of solving all problems by it selves. In an increasingly globalizing world where borders are becoming vaguer and threats getting more subtle, the US is forced to cooperate with other countries in side their borders as well as their own. This is clearly described through the declaration of independence “a decent respect for the opinions of mankind.”¹⁶ If the US would take this into serious consideration, the expected continuation would be to adopt some form of multilateralism. The case of the Iraqi war provides examples of this, where the US focused predominantly on its hard power rather than its soft powers, and neglected international norms and treaties. “American leadership will be more enduring if we can convince our partners that we are sensitive to their concerns. September 2001 was a start towards such sensitivity, but only a start.”¹⁷ Against this background a definition of power becomes highly essential, and as Nye describes it, power is the “ability to affect the outcomes you want, and if necessary, to change the behaviour of others to make this happen.”¹⁸

Figure 2.1 Behavioural power



Source: Nye, Bound to Lead, p.267¹⁹

The concept of soft and hard power was first as defined by Nye a distinction between “behavioral power – the ability to obtain the outcomes you want – and resource power- the possession of resources that are usually associated with the ability to reach outcomes you

¹⁶ Nye p.xii

¹⁷ Nye p.xi

¹⁸ Nye p.4

¹⁹ Canadian military review, 2000. p. 52

want.”²⁰ To make this theory perception of the concept of soft and hard power clearer and easier to grasp he constructed a model (figure 1). This model consisted of two extremes. Hard command power, which indicated the possibilities and ability to get others to do what you want them to under the influence of coercive power, followed by the power of inducement. This hard command power rests on the notion of possession of certain resources that are associated with large amounts of elements as territory, natural resources, population, economic strength, political stability, and military force.²¹ The opposite extreme was soft or co-optive power, which indicates “the ability to shape what others want through attraction, or without forcing them through coercion, preceded by agenda setting.”²² This soft or co-optive power springs from the notion contrary to the hard command power, on the possession of desirable values and norms which is represented by democracy with its rights, institutions, popular culture, and way of life. Nye responds to Robert Cooper’s argument about the military.

“A country may obtain the outcomes it wants in world politics because other countries want to follow it, admiring its values, emulating this example, aspiring to its level of prosperity and openness. In this sense, it is just as important to set the agenda in world politics and attract others as it is to force them to change through the threat or use of military or economic weapons. This aspect of power – getting others to want what you want – I call soft power. It co-opts people rather than coerces them.”²³

I will come back to the different ways soft and hard power have been influencing and is influencing the US and the European Union and in what ways it can take advantage of these two types of power, as well as how the European Union has been able to attract through their focus on soft power.

²⁰ Canadian military review, 2000. p. 54

²¹ Nye. P. 5

²² Canadian military review, 2000. p. 4

²³ Nye. P. 9

2.3 Diffusion of innovations

The theory, *Diffusion of innovations* was first introduced by Everett M. Rogers in 1962 as an analysis on the implementation process of new ideas in the agricultural sector in the US. Everett M. Rogers found out that the diffusion of innovations was not only a phenomenon exclusively of the agricultural sector but rather a social one stretching through all human activities and interactions. The latest edition of *Diffusion of innovations* reexamines how new processes and mechanisms in the contemporary society as the internet can be explained through the theory of diffusion and what types of factors that affect the speed of diffusion and innovations in our society. This theory can be understood as the reason behind the enlargement of the European Union, namely why countries are joining the European Union. This theory will contribute to how we can understand and look upon the European Union as a new superpower. As we will see in this chapter, as the values and advantages of the European Union through economic and political cooperation, what I call cooptive enlargement, reaches new magnitudes and acceptance over time, more countries will find the cooperation attractive and want to join the Union.

“Getting a new idea adopted, even when it has obvious advantages, is difficult. Many innovations require a lengthy period of many years from the time when they become available to the time when they are widely adopted. Therefore the common problem for many individuals’ organizations is how to speed up the rate of diffusion of an innovation.”²⁴

This description can also be applied to the evolution of the European Union and the development (different innovations) that have been undertaken and implemented throughout its history, such as The Rome treaty, the Single market, the Maastricht treaty, to the Euro and the ESDP and CFSP. We shall see how the understanding about, and the innovation and spread (enlargement) of the European Union can be explained through this theory. This is because the European Union has followed the mechanics behind the diffusion theory and the tipping point to reach its contemporary magnitude.

²⁴ Rogers

Diffusion can be explained as “the process in which an innovation is communicated through certain channels over time among the members of a social system.”²⁵ Prevailing mode of communication in this concept of diffusion is the perception of messages as new ideas (the European Union certainly acted and worked as a new idea for future growth and prosperity after WWII). Communication here represents a process where mutual understanding appears through the share of information between actors. Diffusion gets a certain character due to the newness of the idea in the message. The diffusion process includes some form of perceived risk and uncertainty, and to reduce this risk, an individual can obtain information. “Information is a difference in matter-energy that affects uncertainty in a situation where a choice exists among a set of alternatives.”²⁶ Diffusion can also be scrutinized and divided into four main elements: 1- an innovation, 2- communication channels, 3- time, 4- the social system.²⁷ This process and elements can be visualized in every diffusion process over time, as well in The European Union. Innovations as mentioned before are something that is perceived as new by someone.

When discussing innovation, technology is most often referred to (as a reference or norm), but an innovation can take on any form of social context such as politics in our case with the European Union. What ultimately determines how good or fast something gets adopted in a social system depends on the characteristics of the given innovation, which is represented by five attributes; 1- relative advantage. This indicates how the idea is perceived in comparison to the prevailing situation (not being a member of the Union). 2- compatibility. Is described as to which degree the new idea, corresponds to existing norms and values. 3- complexity. This is determined by how complex the idea is perceived. 4- trialability. This can be explained by how much the new idea is possible to elaborate with to find a good outcome. 5- observerability. This is how well the idea is possible to observe, or how good the European Union would be to observe and overview in our case.²⁸ We also have the concept of re-invention that indicates to what degree an innovation is changed in terms of adoption. The second element; communication channels are represented by the different means by which messages get from one individual to another in a social system.

²⁵ Rogers, p.5

²⁶ Rogers, p.35

²⁷ Rogers, p.35

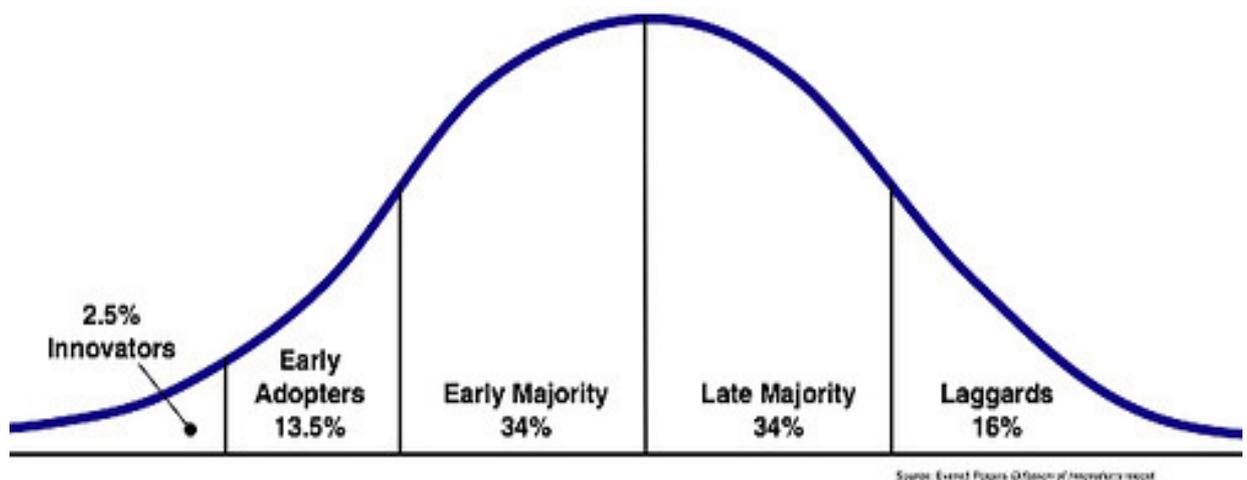
²⁸ Rogers, p.35, 36, 213-232

The third element, Time can be divided into three sub-groups; 1- innovation-decision process, 2- relative time with which an innovation is adopted by an individual or group, 3- The speed of the adoption rate of innovations.²⁹

We can see that the process that influences any member of a social system is; 1- how knowledge makes individuals become aware of innovations and enables them to somewhat understand how they work, 2- how persuasion makes individuals positive or negative towards an innovation, 3- how decision affects individuals choice of whether adopt or reject an innovation, 4- How implementation enables individuals to take on an innovation, 5- how confirmation makes an individual to analyze a decision of implementing an innovation that have already been made.³⁰

In order to describe his theory, Rogers used a model that visualized the spread of innovations. Looking at this normally distributed curve (figure 2.2) we can see that the diffusion or the spread of the innovation depends on the whether other actors in the system take on the innovation or not.

Figure 2.2 Rate of adoption, The Bell Curve



Source: <http://socialgraph.blogspot.com/2007/10/diffusion-of-innovation.html>

What ultimately affects these actors is the rationale of the cost-benefit analysis. The actors of the social system, in our case the countries of the European Union, will take on the

²⁹ Rogers, p.35, 36

³⁰ Rogers, p.164-168

innovation (join the European Union) if they believe that the benefits of doing so exceeds the costs of taking on that action. This means that the new innovation must lead to greater outcomes than the prevailing situation³¹. Looking at the development of the European Union, we can see that taking on the innovation of a membership would result in higher gains than costs. I will return to this part later and the gains of joining the European Union.

To understand how innovations spread throughout the society with the help of the model, the Bell curve is divided into five categories to determine the extent to which different actors takes on the innovation (in our case, joins the European Union); 1- innovators, 2- early adopters, 3- early majority, 4- late majority, and 5- laggards³². These models show that the innovators (the six founding EU countries) are highly crucial for the development or the diffusion process (If other countries will join the Union or not). If the innovators and the opinion leaders' takes on the innovation and the outcome turn out to be positive, the potential adopters will follow these first adopters and the equilibrium has tipped. This means that if the founding countries join the Union and the results turns out to be positive, other countries will find this attractive and will apply to be a new member. This will lead to a situation where countries wants to become a member as fast as possible since standing outside will lead to a risk of loss in economic and social terms³³. To deepen the understanding of this theory of diffusion, we can divide social systems into two polarized groups; heterophilous and homophilous. The nature of heterophilous social systems is founded in differences within the system, which leads to a situation where change and new ideas is a natural phenomenon. Homophilous systems are opposed to this since the actors of the system represent the same background and change is therefore less desirable. This results in a situation where change and new ideas are more likely to diffuse and spread in heterophilous systems than homophilous systems³⁴.

³¹ Rogers, p.213-215

³² Roger, p.246, 247

³³ Roger, p.251-259

³⁴ Roger, p.274-277

This model can describe why the countries of the European Union have been more likely to act multilaterally in terms of cooperation than the US.³⁵ In this background we can see how Europe represents a more heterophilous society that is used to cultural differences and wars, and is therefore used to these natural differences, while the US represents a more homophilous society resisting change due to their conservative history of democracy and way of life.³⁶ These preconditions make the European Union more likely to take on necessary changes in terms of modernizing their cooperation through the Union than the US in their perspective of their own power in the world and their notion of go it alone.

2.4 The tipping point – a contribution to the diffusion theory

The book, *The Tipping Point*, by Malcolm Gladwell rests on the same theory as the diffusion theory presented by Everett M. Rogers, but springs from another perspective that innovations and trends in the society can be understood from the notion that they spread like epidemics. Gladwell describes that the tipping point rests on three pillars, “one, contagiousness; two, the fact that little causes have can have big effects; and three, that change happens not gradually but at one dramatic moment- are the same three principles that define how measles moves through a grade-school classroom or the flu attacks every winter.”³⁷ These are what Gladwell calls “the three rules of the Tipping Point- the law of the few, the stickiness factor, the power of context.”³⁸

The law of the few describes how few peoples or few factors can ignite a trend and how this trend depends on the ability of the few to fuel the tip from the equilibrium (change the present situation). This is also called in the diffusion theory in the model above for innovators. This law and its ability to ignite the trend ultimately depends on three factors; connectors, mavens, and salesmen’s.³⁹ The connector is someone who knows many people

³⁵ The US have been engaging in the North American free trade agreement (NAFTA) since 1994 with Canada and Mexico, but many countries on the south American continent are excluded, and have organized an individual cooperation Mercosur.

³⁶ Rifkin, p.40-44

³⁷ Gladwell, p.9

³⁸ Gladwell, p.29

³⁹ Gladwell, p.30

or rather everyone, or as Gladwell describes them “people with a special gift bringing the world together”.⁴⁰ Gladwell summarizes the these three roles as;

“In social epidemics, Mavens are databanks. They provide the message. Connectors are social glue: they spread it. But there is also a selected group of people –salesmen- with the skills to persuade us when we are unconvinced of what we are hearing, and they are crucial to the tipping of word-to-mouth epidemics as the other two groups.”⁴¹

The second characteristic of the tipping point is the stickiness factor. As described in the law of the few, the messenger plays a crucial role in spreading the word from one to another, but if it is to reach its maximum impact, the content of the messages is highly crucial. If the messages are to be spread, the content needs to be sticky (be beneficial) and make an impact on the receiver⁴². This is what the stickiness factor means, that for a messages to be successful and spread throughout a society it have to make sense, be beneficial, and make an impact on the actors of the system.

The last character, the power of context says that “Epidemics are sensitive to the conditions and circumstances of the times and places in which they occur.”⁴³ “But the lesson of the power of context is that we are more than just sensitive to changes in context. We’re exquisitely sensitive to them. And the kinds of epidemic are very different than we might ordinarily suspect.”⁴⁴ This means that the context and the setting in which a change takes places is extremely important and could dramatically enhance and tip the epidemics throughout a society.

In this context of *the Tipping Point* and its huge implications to how trends and innovation spreads throughout social systems (Why diffeent parts of he world creates Unions and finds them beneficial), we can clearly see a close relation and similarities to the evolution of the European Union since the end of WWII. The European Union started out as a foundation to peace and security on the pan-European continent through the signing of

⁴⁰ Gladwell, p.38

⁴¹ Gladwell, p.70

⁴² Gladwell, p.9

⁴³ Gladwel, p. 139

⁴⁴ Gladwell, p.140

the Treaty of Paris on April 18 in 1951, creating the Coal and Steel community (ECSC), by France, Italy, West Germany, and the Benelux countries, Netherlands, Belgium, and Luxembourg. These countries came to act as; connectors, mavens, and salesmen (the law of the few), when spreading the word of success of the cooperation and development of what was to become the European Union. The content of the message, cooperation and its positive effects of joint agendas and trade clearly made it attractive (sticky) for the potential new members (adopters) in Europe. Especially the ten new post-communist countries who joined the Union in 2004, due to their weak history of economy and democracy. From the six founding members, there are today 27 members, and more are waiting.

The end of the war and a Europe in ruins worked as the perfect context for the epidemic to spread. All these three characteristics of the *Tipping point* have been fulfilled and this is why the European Union have been able to be so successful and come to reach a new position as a global power in the shadows of the US. This model also explains how the European Union have been able to stay successful and grew over time as it has managed to attract new members and other parts of the world through their soft power focus and their economic advantages of the single market.

This can be clearly contrasted by Jeremy Rifkin in *The European Dream*, one of the most influential social thinkers of our time, as a contemporary comment on American exceptionalism, the differences between Americans and Europeans that Alexis de Tocqueville introduced in *Democracy in America*, by “the *spirit of religion* and the *spirit of liberty*.”⁴⁵ Looking at the American Dream with its emphasizes on unrestrained personal wealth, economic growth, and constant quest for individual self-interest, the European Dream concentrates more on quality of life, sustainable development, and nurturing of community. Americans are said to live and die by the work ethic and dictates of efficiency. Europeans on the contrary, premieres leisure and even idleness. While America has always considered itself as a large melting pot, Europeans, opposed, with their extensive multicultural diversity, defends it. While Europeans premieres consensus and cooperation in foreign policy rather than go it alone focus, the US believes in upholding unmatched military presence in the world. This is not to be misunderstood that the European Union has become a new Utopia, but that it is redrawing a future bold new vision for humanity

⁴⁵ L. Sondhaus, A James Fuller, p.1

that clearly opposes many of the core aspects of Americas.⁴⁶ “While the American Spirit is tiring and languishing in the past, a new European Dream is being born. It is a dream far better suited to the next stage in the human journey- one that promises to bring humanity to a global consciousness benefiting an increasingly interconnected and globalizing society”⁴⁷

After this introduction of the mechanics behind these two powers ability to attract, I will first present some critical reflections on the method, before moving on to statistics and graphs showing how this has developed over time and in what ways the US and the European Union differs in terms of power and values.

2.5 Critical reflections on the method and the material

As described earlier to the role of the European Union, no man is an island. This is also true for academic research since each study always leaves out specific aspects in order to grasp and penetrate the individual purpose of the subject. This is not to say that one should not strive after being and maintaining as high standards for objectivity as possible.

In this thesis the main questions at stake are to examine if the European Union has become a new super power, and how we can understand its development. In recent years it has become apparent in the international debate that the US has come to a critical point where their old unquestioned place as the only super power in the world has changed. This has opened up for a new perspective where the soft power approach of the European Union could be used as an understanding to their development. The theory of soft and hard power has soon reached a large influence in the international arena, booth in the professional as the academic sphere. The main purpose of Nye was to define in what ways the huge power of the US has to be reshaped during the 21st century as terrorism and globalization increases. The theory on soft and had power has been criticized mostly from realist conservatives for being to vague, since it is hard to measure the impacts of soft power.

⁴⁶ Rifkin, p. cover

⁴⁷ Rifkin, p.3

This thesis tries to examine how this soft power has worked in the advantage of the European Union, setting up six indicators of soft power, and how these have affected the development of the two powers in two separate ways. It is obviously more indicators and factors playing in to the correlation of the US and European Union, but as mentioned before, all studies has their perils, and I can only hope to eliminate this to the largest extent.

The theory of soft and hard power provides the foundation to the thesis, but two contributing theories will be used to contribute and describe how to understand the development of the European Union. The theory of social epidemics by Malcolm Gladwell, and diffusion of innovations by Everett M. Rogers, might first seem vague, but in the context of soft and hard power, it illuminates how the European Union has been able to evolve in the way it has into the 21st century. This thesis develops the theory of soft and hard power one step further as it links it together with the diffusion of innovations, and the theory of social epidemics. It lays a foundation for a new theory or concept which I call cooptive enlargement. This theory provides a new foundation and framework of how to understand how soft power has affected the development of the European Union.

3 Sources of European power

In this chapter, a definition will be put forward about the classical view of the superpower, and how this definition could be argued to have changed shape towards more soft power influence as the European Union has developed, away from the hard power definition. We will see that this shift lies closer to the evolution of the European Union than the US. This chapter will also reflect upon the questions raised in chapter two about the European Union as global power from a soft and hard power perspective. To be able to analyze the soft power of the European Union, a metodological approach will be used measuring levels in the economic, military, environmental, and the democratic field that indicates levels of soft power. Important here is the critic raised in chapter two that soft power is problematic to measure, and also since it is difficult to know what factors play a more influencing role than other variables. These difficulties will be reflected upon in the final analysis and conclusion.

3.1 A superpower?

Before deepening the analysis of the European Union and its relation to the US, we have to define what a superpower is, and how we can relate this to the new role of the European Union. McCormick refers to the American political theorist William T. R. Fox, who argues “that a superpower possessed more than just the straightforward attributes of military, economic and political power, but also the ability and the willingness to project that power globally. It was a state with global rather than simply regional interests, and had a combination of great power plus great mobility of power.”⁴⁸ McCormick also refers to Spiegel, “material and military power are important to an understanding of superpower, but that motivation also enters the equation; without a willingness to exploit its resources, the ability to of a superpower to influence international affairs will be greatly reduced.”⁴⁹ With these definitions, we could say that a superpower is an actor with a predominant place in the international system in terms of influence and access to means of power, but the status also comes with the actor’s willingness and ability to use these unrivaled influence and powers. McCormick refers to Jönsson who says “that there are two kinds of roles for a superpower: those that superpowers take for themselves, and those that are given by lesser powers.”⁵⁰ We shall see that there is also a third role for superpowers to play in the contemporary world in the 21st century. This is the ability an actor has to influence others by its virtues, visions and values, what we have described earlier as soft power. This third aspect of an actor’s ability to influence others, rests on theory of soft power, and has tipped the equilibrium to the advantage of the European Union and its rate of attraction in the world, by the words of McCormick, “The most powerful actors in the new international environment will be those that creates opportunities, not those that issue threats.”⁵¹ As Rifkin described the differences between Europe and the US and the evolution of the two powers in the 21st century; the concept of what a superpower is has to be redefined, to better contrast and describe the contemporary world in the third millennium. This new role of the European Union and the definition of the term *Superpower* are clearly defined by McCormick.

⁴⁸ McCormick, p.18

⁴⁹ McCormick, p.18

⁵⁰ McCormick, p.19

⁵¹ McCormick, p.11

“In this new system, the European Union is a superpower that relies upon soft power to express itself and to achieve its objectives, and that finds itself at a moral advantage in an international environment where violence as a means of achieving influence is increasingly detested and rejected, and at a strategic advantage because its methods and priorities fit more closely with the needs and consequences of globalization.⁵² The EU has become influential by promoting values, policies, and goals that appeal, to other states in a way that aggression and coercion cannot. In doing so, it has redefined our understanding of the meaning of power, as well as fundamentally and irrevocably changing the balance of influence in the international system.”⁵³

Through this definition of the classic way of looking at the characteristics of a superpower, we can see that the European Union has laid the foundation to a paradigm shift in how to go about when defining the attributes of the superpowers in the 21st century. What becomes absolutely crucial is not who this actor is, if America, China, India, Russia, or Europe, but ultimately what those values are that represents this new mode of influence and power. In a world where globalization and information stretches across borders and minds in a never precedent ways, values that incorporates joint agendas and sustainable development with the voices of the weak and strong have to shine ever clearer in times of great change. This is to not risk to leave people behind, and create fundamentalism, but on the contrary develop what Robert Jay Lifton calls the protein self, or the many-sided self, which is vital in times where fundamentalism grows strong and development is challenged. The next part will describe how the European Union has stepped forward as the next economic superpower and in what ways this have been possible through the mechanics of the diffusion of innovations to increased their soft power.

⁵³ McCormick, p.6-7

3.2 The new European economic might?

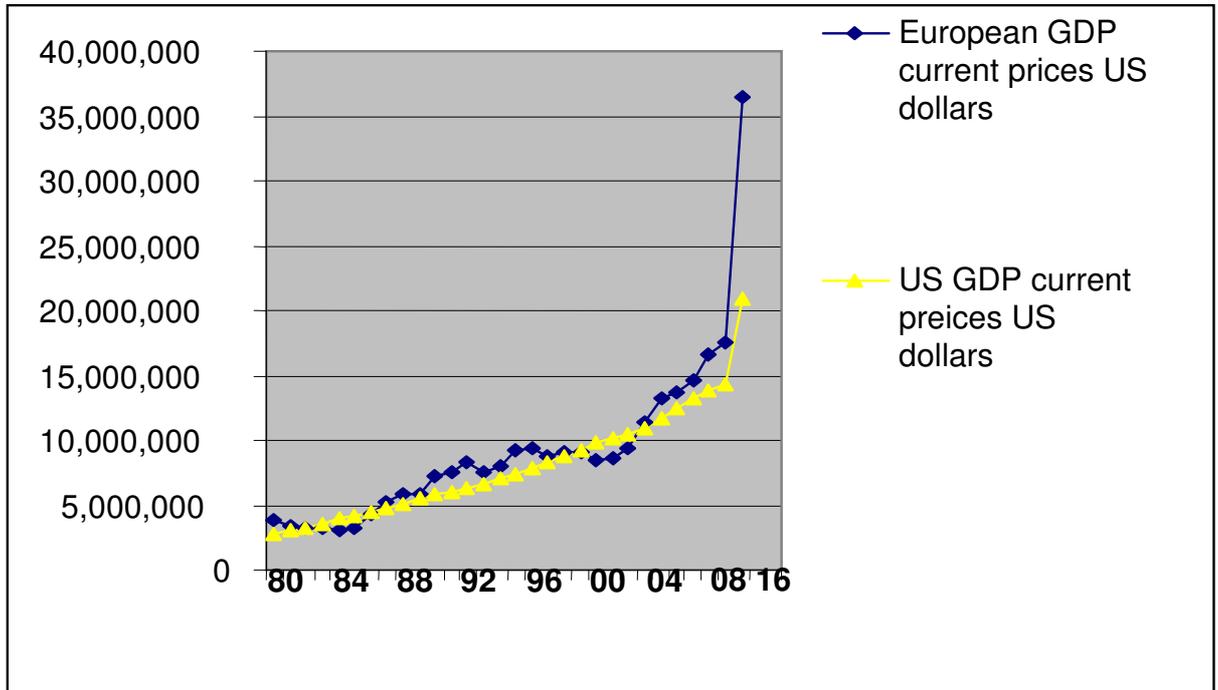
This chapter starts with presenting a short background to the dynamics of the economic development of European Union. It continues with providing arguments for an economic transformation of the European corporate sphere that has enhanced the soft power of the European Union in a global perspective. The last part arguments that the European Union with its currency the Euro will become the next global reserve currency based on new statistics from the International monetary fund.

3.2.1 The economic background

Since the signing of the Rome Treaty in 1957, the development of the economic integration of the European Union has evolved from the free trade area, a custom union, a common market, to the economic and monetary Union. This has enabled the European Union to become the world largest economy in terms of GDP. By this graph we can see that the GDP of the European Union have surpassed the US economy as the number one in the world, and that the tip that Gladwell described was ignited by the by time of 9/11 and US invasion in Afghanistan and Iraq.⁵⁴ This economic development will increase the economic power and the influence of the European Union even more in the World Trade Organization, as their trade becomes more and more important for other parts of the world.

⁵⁴ International monetary Fund, www.imf.com, estimated figures for 2016.

Figure 3.1 Future GDP of the US and EU



Source: International monetary Fund, www.imf.com

Assuming that the predicted figures from the International Monetary Fund holds true and the development of the European Union proceeds, the GDP of the EU will reach approximately 36, 500, 000 million dollars, compared to 20, 850, 000 million dollar of the US in 2016. It also counts for the biggest marketplace; the world's greatest trading power, and the world's biggest exporter and receiver of direct foreign investment.⁵⁵ This extraordinary development was enabled through the Rome Treaty, which clearly sparked the founding work of the economic integration. That included removal of various tariff barriers restricting free movement of services, factors of production, free movement of goods, and possibly a single currency, and ultimately a system where different national economies were interconnected, and entangled. At the time of the signing of the Rome Treaty, there were no functioning mechanisms enabling the various western European

⁵⁵ McCormick, p.84

countries to gain from trade in larger extent. In order for the trade to become more profitable, the economic integration between these countries had to evolve from competitive trade interpenetration.⁵⁶

This could be simplified through economic trade theory saying that if we have two countries and two goods, country A producing good 1, and country B producing good 2, and country A had an comparative advantage in producing good 1, meaning that A could produce good 1 more efficient than country B, a removal of trade barriers between those countries would result in an advantageous economic position where A would export to country B whose industry would contract. In opposite country B would export good 2 since they had comparative advantages, which would lead to a contraction of the industry in country A, given the underlying assumption that unemployed factors in each of those countries could shift from declining to expanding industries.⁵⁷

Against this background of the rationale behind the incentives for increased trade and economic integration, some integration theorist have argued that even some degree of economic integration could result in spillover effects that would finally lead to a deeper level of economic integration than first intended. This could be pictured through a model where a group of countries cooperates in terms of economic integration through the various fields of free movement of factors, services, and goods, but excludes monetary factors. This would result in a situation where exchange rates may fall or rise due to the power of the market or the invisible hand as Adam Smith once so famously described it. The economic integration could be hampered by this in terms of factors, goods, and services, since flexible exchange rates could result in uncertainties due to exchange rate volatility.⁵⁸ But in order to create fixed exchange rates, there have to be harmonization through out the trade area in terms of monetary conditions, which requires a common monetary institution that coordinates the economic foundation for the trade area, which is coordinated through the European Central Bank in the European Union. This would result

⁵⁶ Swann, p.99

⁵⁷ Swann, p.99

⁵⁸ Swann, p.100

in a situation where limited economic integration would evolve over time into greater cooperation, since this would prove to be more profitable and desired through out the trade area.

In this context of the development of the trade area, we can see clear connections to the theory of the tipping point and the diffusion of innovations, since a small spark of an idea or the innovation of cooperation through economic trade have given the members increased economic development and standard of living due to harmonization and political and economic interdependence. This scenario shows how just a small economic cooperation between a few countries can and are most likely to evolve over time since it can enhance the possible economic gains of the actors. The soft power of the European Union increases since the mechanics or the cooptive enlargement works as an example towards other countries and states when they see how economic cooperation and free trade nurtures development, standard of living, and peace. As Joseph Nye describes soft power, "This aspect of power – getting others to want what you want – I call soft power. It coopts people rather than coerces them."⁵⁹

In this respect of soft power, we can clearly see that the European Union influence others, since their example of economic integration, inspires others to go the same way without forcing them through coercion. This is opposed to what we can see with the US war in Iraq and Afghanistan and their notion of spreading democracy through out the world, by hard power through military and economic means. The European Union counts for the biggest provider of financial aid to developing countries, and there are clear evidence to this development and the soft power of the European Union, when Africa followed its footsteps and founded the African Union in 2001 that is to promote political and economic integration, peace and harmonization and coordination of policies in Africa. As Heather Grabbe said "soft power"--the force of attraction and the ability to shape countries in the EU's own image." The successfulness and remarkable development of the European Union has increased their attractiveness and soft values in such a way that the African Union have set up an almost identical set of institutions: a Court of Justice, a Commission,

⁵⁹ Nye, p.9

an Assembly (structured on the European Council), an Executive Council (structured on the Council of Ministers), and finally a Pan-African parliament.⁶⁰ Even though the preconditions of the African Union through their weak democratic history and economic development, they have found a model in the European Union that they have implemented, which is spreading through the mechanics of the diffusion of innovations that was sparked by the inventor the European Union. By focusing on the soft power of the European Union through its single market and political cooperation, they have been able to act as a new Superpower showing the way to economic and democratic development without forcing others through coercion and military means. This creation of the common European market and the monetary union have increased the soft power of the union many fold since a membership gives rise to increased markets and economic and political development. This development and beneficial economic integration was at the very core of the Rome treaty, and have been evolving ever since.

3.2.2 The corporate wonder

Looking at the soft power of the European Union in comparison to the US, we can see that the corporate Europe with its increasing and expanding companies are spreading the values of the European Union since they are becoming more global and find their ways into all parts of the world, and exceeds the US as the number one country in the world. The removal of the internal tariff barriers in the European Union has helped and enabled the corporate Europe to boost entrepreneurial innovation and enlargement ambitions. But to fully grasp the development of the European Union, there are some important aspects in the post war period that have to be enlightened. During the 1940's and the 1950's the US and Western Europe's economies prospered, but the US kept the advantage and became the world's leading trading and financial system, while Europe were preoccupied with the economic burden of the reconstruction from the war. The EEC-6 depended greatly on the remarkable recovery of the German economy that grew by 290 per cent compared to 130 per cent of the other five EEC countries between 1946 and 1960.⁶¹ But during the 1970's Europe's economy started to stagnate since it was unable to adopt the various effects from enlargement, rising oil price, and the instability that the collapse of the Bretton Woods

⁶⁰ McCormick, p.135

⁶¹ McCormick, p.86

system made to the currency market. Finally, the insecurity in the European corporations due to cross border controls, and the slow progress of the single market, came to lead to the eurosclerosis.⁶² This weak development led to the rapid re launch of the single European Act of 1986, which led to the Maastricht treaty in 1993, setting the time table for the single currency, and in 1999 the European Central Bank was created that finally ended up in the creation of the European currency the Euro in 2002.

At this point with the introduction of the Euro on the global financial markets there were many skeptics in the US, who saw the European Union as a cluster of individual states but the development of the single market and the CCP (Common Commercial Policy from the Rome treaty in 1957) had transformed the European economy from a cluster of different states to a unified market, more competitive than ever before. When comparing the European Union and the US, the pattern is striking when it comes to global exports, that grew by 96 per cent between 1993 and 2003 for the European Union compared to 60 per cent for the US, and the US share of exports fell from 13 to 11 and European Union kept its share at 40 per cent. The development of the European Union have been tremendous, and by the late 1990's they were the same size as the US economy, and have been continuing to grow since then, and also when it comes to their influence in the World Trade Organization where they have come to take over as the number one actor influencing global trade.⁶³ The European business climate was dramatically enhanced when the euro was introduced, and when European laws were improved in 2004 regulating corporations, and increased access to cut-rate credit, which ultimately led to those intra-European mergers became more common and easy.

The European privatization process that took place in many countries and the increasing effects and impacts from globalization, made the climate for mergers, acquisitions, and joint ventures very prospering. The soft power of European Union is increasing as development continues to the corporate sphere where there has been a great increase

⁶² McCormick, p.86

⁶³ McCormick, p.100

where 61 of 140 biggest companies according to the Global Fortune 500 rankings are European, while only 50 are US companies, and 29 are Asian companies, and the top ten included European Royal/Dutch Shell, BP, and DaimlerChrysler. European companies continue to grow and surpass their American counterparts when it comes to a variety of industries influencing the soft power and the spread of European values throughout the globe.⁶⁴ The Finnish mobile company Nokia, is today the largest mobile producer in the world with 40 per cent of the world market and the British Vodafone counts for the first and second biggest operator with over a 100 millions subscribers in a dozen of different markets, including the US, where the largest American operator Verizon Wireless is a 45 per cent owned joint venture with Vodafone.⁶⁵ Looking at the airplane industry, the European Airbus has now outperformed the US Boeing company, as the leading airplane producer in the world with a market share of 76 per cent.

The same development is present in the construction industry, with Bouygues, Vinci, and Skanska. This holds true in food consumer products with Nestlé and Unilever, in food and drugstore retail trade both Carrefour and Royal Ahold ranks high. Looking further the global insurance market with Munich Re, and Swiss Re, and the telecom industry where Europe holds six of the top eleven places, and the pharmaceutical industry where five of ten are European companies makes this trend even stronger. In the motor industry the giant US companies are still the top three with GM and Ford, and DaimlerChrysler is third, but Volkswagen, Fiat, Peugeot, BMW, and Renault are all among the twelve top car producing companies in the world. In this background and in the context of soft power and the attractiveness of the European Union, a recent survey of the 50 best companies in the world, made by Global Finance, shows that all but one company was European, which highly contributes to the increased influence in the world where companies and their products and values enhances their role compared to the US.⁶⁶

⁶⁴ Rifkin, p.66

⁶⁵ Rifkin, p.66

⁶⁶ Rifkin, p.69

Even though the European Union and the corporate climate has prospered, US companies still lead many rankings, but important here is to see the underlying climate and the values that those companies holds. This is especially important when it comes to the fact that Europe constitute 49 of the 50 best companies in the world, and what US companies have to undergo in order to take on necessary change in the future. As Rifkin said “More important, Europe has become a giant laboratory for rethinking humanities future...While the American Dream emphasizes unrestrained economic growth, personal, and the pursuit of individual self-interest, the European Dream focuses more on sustainable development, quality of life, and the nurturing of community.”⁶⁷ Could this possibly be the difference, that the Business climate and the role of the European company have come to evolve into two different spices, enabling Europe to rise from the dark past and enter the second millennium as the new changed leader in the world economy? The words by McCormick answer this in an insightful way,

”The message is clear: Europeans are working fewer hours, but they are doing more with those hours. And the additional time that they have free to spend at home or on holiday with their families gives them a higher quality of life, or-at the very least-more time to actually enjoy life. Workplace pressures have been implicated in the break-up of the American Family, and they may even factor into the slightly shorter life expectancy of Americans, which currently stands at 77 years compared to 78-81 years in most Western EU member state.”⁶⁸

Looking at the demographics of the European Union, some argues that the falling population rate could mean a slowdown in the economy, but McCormick argues the opposite, “While Europe’s population growth may slow, the quality of life will continue to improve.”⁶⁹ But if the European Union continues to grow, as more potential adopters are waiting for a membership, especially Turkey, the population will continue to increase and reach new heights. Looking at the graph, we can see that the estimated demographic

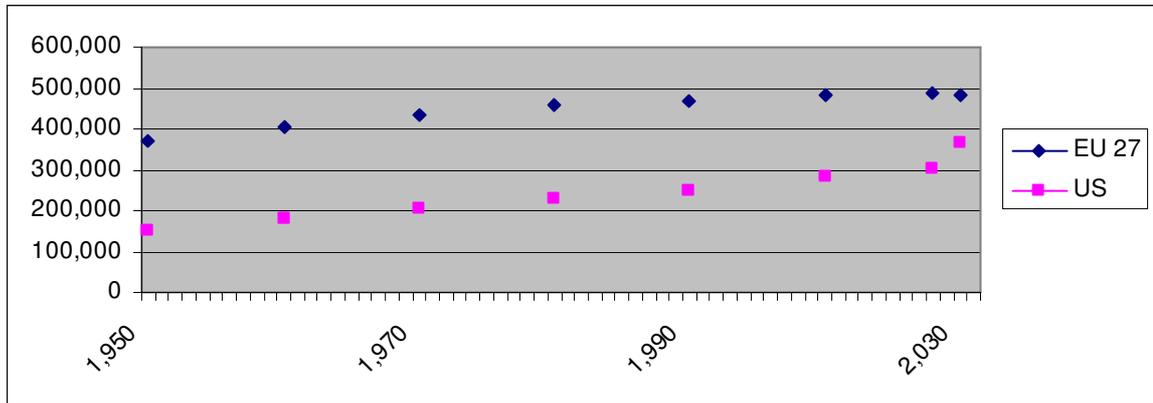
⁶⁷ Rifkin, p.cover

⁶⁸ McCormick, p.106

⁶⁹ McCormick, p.108

development of the 27 nations of the European Union is lower in a future perspective (around 2030), in comparison to the US. If the European Union keeps their borders open as more nations aspires to join, the demographic change will be decrease.

Figure 3.2 Population growth in the US and EU



Source: Madison, Angus. Historical statistics for the world economy

3.2.3 The Euro - the global future currency?

The US dollar has been during the whole 20th century and especially during the second half since the 1950s been the world hegemon in the economic system. At the height of the Dollar it counted for almost 90 per cent of all foreign exchange transactions, and was the preferred reserve asset of most governments. This unquestioned dominance was strengthened by the US industrial foundation, the efficiency and productivity of its economy, and by its gold reserve.⁷⁰

During the 1970's and the 1980's the European Union tried to launch the single currency to compete with the US, but difficulties and controversies were hampering this development and many US skeptics, and especially a Berkeley economist Jeffery Frankel in 1995, wrote in the *economist*, that there was "little likelihood" that another currency could surpass the Dollar by 2020, since there were "simply no plausible alternative to the dollar's occupation of the top position."⁷¹ But after the introduction of the Euro it soon came to

⁷⁰ McCormick, p.89

⁷¹ McCormick, p.90

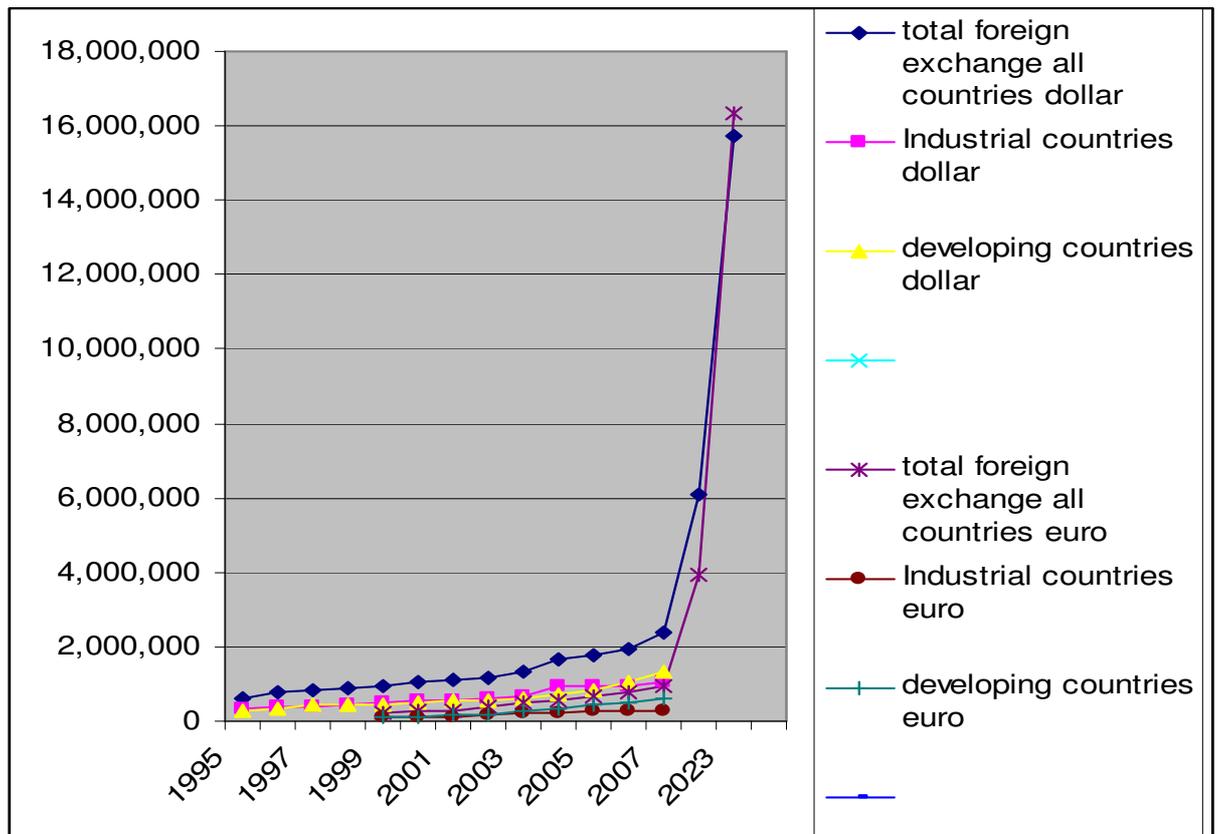
reach large influence and governments and corporations were increasingly borrowing in Euros, and today almost 40 per cent of all foreign exchange transactions are carried out in Euros, and governments are holding larger portions of their reserves in Euros. The Russian central Bank announced in 2003 that they would swift parts of their reserves to the euro from the dollar, and also China and other Asian countries have been following this example.⁷²

By this graph figure 3.3⁷³ we can see that the Euro by 2023 will be the biggest reserve currency in the world, and that already by 2015 is the preferred reserve currency by developing countries, and especially Africa as we have seen have taken on the institution setting in the African Union based on the European Union. This ultimately comes to mark the increased magnitude of the Euro as the new world leading currency which dramatically enhances their hard and soft power since they influence all parts of the world by laying the foundations for the next economic superpower.

⁷² Rifkin, p.64

⁷³ Currency Composition of Official Foreign Exchange Reserves (COFER), International Monetary Fund.

Figure 3.3 Reserve currencies hold by industrial and developing countries in the world in millions of dollar



Source: Currency Composition of Official Foreign Exchange Reserves (COFER), International Monetary Fund

This could be seen in the background of the ongoing financial crisis in the US sub-prime market, which has spread through out the entire US financial system as well as other countries. This slowdown and potential recession, has affected the liability of the US dollar, which could increase the shift towards the Euro even more. This was described in the introduction by *the Economist* as “The dollar decline already counts for the biggest default in history...The bad news for America is that this, in turn, may mean that the world also has less need of the dollar.”⁷⁴

Joseph Yam, Chief executive at the Hong Kong Monetary Authority made a very interesting reflection in 2005 when referring to the sustainability of world reserve currencies

⁷⁴ The Economist, Nov 15th 2007

and their "natural cycles" in terms of the depreciation of the dollar and its future as the world leading reserve currency.⁷⁵ Looking at the historical development of global reserve currencies, there is a clear natural cycle of 100 years since the middle of the fifteenth century. This started with the Portuguese reign from 1450-1530, to the Spanish 1530-1640, the Dutch 1640-1720, the French 1720-1815, the English 1815-1920, and from then the US. This economic history model of the world reserve currencies and their natural cycles, would lead to that the dollar sometime approximately between 2010 and 2020 would be surpassed by another currency. Looking at the graph that is based on the data from the International monetary fund we can see that the euro by 2020 will be the dominant reserve currency in the world, laying the foundation for the next economic superpower in the world.

The importance of a strong currency is vital since it is a fundamental part to global political influence. Just looking at China who is always heard in the debate about the next coming superpower and the new emerging markets of globalization. What China lacks is a strong stable currency, since their political credibility is so enmeshed with currency credibility. This is due to the unstable situation in China due to lack of financial and political transparency and partly because they have limited political influence in the world through the weak democratic history.⁷⁶

In terms of geopolitical power, Kuntz argues that it depends on financial power and each tends to support the other, the end of the dollar reign would "drastically increase the price of the American Dream while simultaneously shattering American global influence."⁷⁷ Cohen argues "that monetary supremacy provides insulations from external influence over policy, as well reducing the constraints on foreign policy, and that the expansion of "authoritative domain" of a currency translates directly into effective political power."⁷⁸ Currency hegemony, means a predominant position, where others pegs their currency to

⁷⁵ <http://tpwebapp.tdctrade.com/print/print.asp?url=www.tdctrade.co>

⁷⁶ McCormick, p.94

⁷⁷ McCormick, p.92

⁷⁸ McCormick, p.92

the hegemon which enhances trade opportunities, comes with comparative advantages for the hegemon in terms on institutions and markets, and the possibility to finance deficits in the balance of payments account with liabilities denominated in the currency of the hegemon.

McCormick argues that four points have to be met in order for the euro to surpass the dollar. We shall see that the European Union and the euro is clearly on its way to reach this point and step up as the number one economic power in the world, event though the US is and will continue to be a huge contender in the years to come. The first point is to create an internal stability by keeping inflation low through out the Union, and to avoid instability due to excess government spending. There has been problem in the euro-zone especially when it comes to Germany, France in relation to the stability and growth pact, but in comparison to budget deficit of the US since 2000, the euro-zone remains in advantage. We can see that the European Union is in line with this preconditions of low inflation by the words of Joaquin Almunia, as referred to in the introduction, when he described that the inflation in the euro-zone was down to 1,9 per cent and 2,1 per cent in the whole EU 27 area. The second point is that the euro has to be more widely adopted as a reserve currency by central banks. For a currency to be attractive and trustworthy it has to be widely accepted and fully convertible, their financial markets must be liquid, open, and broad, inflation must be hampered, and the currency must be widely used in the financial system.⁷⁹

As we just mentioned above, more and more countries and central banks are changing their reserve currencies to the euro and especially in developing countries. This development indicates these countries attraction and their confidence to the European Union and their large economic market. Political leaders and bankers have expressed their concerns in many countries including Russia, South Korea, and Japan, about the weakening dollar and this will lead to reduce holdings of the dollar. As John Vail, a senior strategist at Mizuho Securities in the US said, summing up the feelings of foreign investors felt for the dollar

⁷⁹ McCormick, p.92

“The currency doesn’t have the safe haven status that it had in recent years.”⁸⁰ The third point is that more market activity has to be carried out in euros, and the euro has to be the currency that people naturally refers to when comparing global prices, costs, and profits. Even though the European Union counts for a much larger part of global trade, the dollar is still the preferred currency, since almost half of the global exports are denominated in dollars. For the euro to take on that role it have to the new vehicle currency, one that is most used outside the euro-zone as well, like the dollar is today.

We can see clear sings of this development due to the enormous impact the sub-prime crisis on the US housing markets have had on the global financial markets, which have lead to an estimated significant slow down in the US economy for 2008, that also is expressed in a Gallup-international poll from January 2008.⁸¹ An identical research was performed by the Euro barometer in December 2007 for Europe.⁸² We can see that the hopes for a better economic development in the US is very low since the financial crisis and rising inflation and world wide commodity prices are very troublesome for the Americans. On the contrary the Europeans have a different view, since they believe that the economic development is likely to stay the same or improve.

Figure 3.4 Economic overview

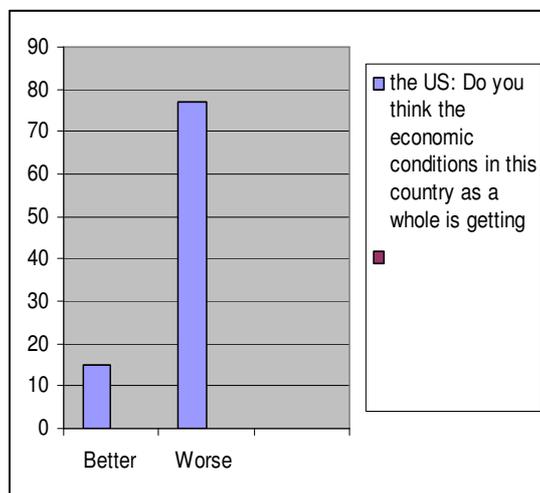
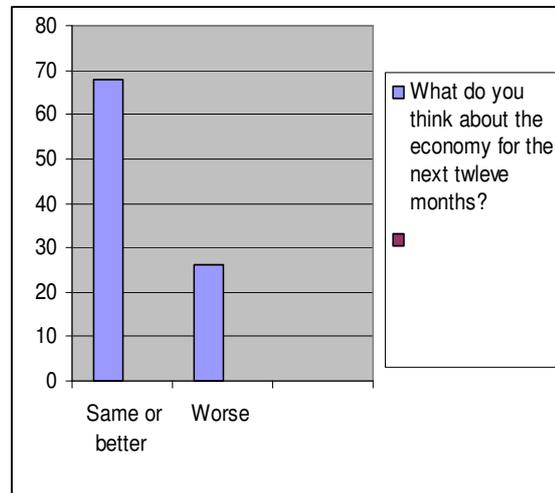


Figure 3.5 Economic forecast



⁸⁰ Rifkin, p.64-65

⁸¹ USA Today/Gallup Poll, January 4-6, 2008

⁸² Eurobarometer 68, Public Opinion in the European Union

This slow down together with unpopular wars in Iraq and Afghanistan, have lead to great budget deficits in the US economy and as the former Federal Reserve chairman Allan Greenspan said “that a large deficit limits the ability of the government to deal with future crisis, which could lead to a run on the dollar and a rise in interest rates, thereby hurting the stock market, weakening American Banks, and reducing private sector investment.”⁸³ Allan Greenspan expressed these concerns in 2004 and today three years later we can see that this is exactly what have happened to the US economy, which have influenced the global economy negative, but ultimately increased the strength and the soft power and its political and financial credibility of the European Union and the euro since they have continued to grow and reached a new position on the global scene. The fourth point refers to that more private investors, corporations, and governments must hold and denominate more of their issues in the euro.

The European market is still to fragmented, which lead to limited liquidity, and that investors are avoiding buying investments denominated in euros. This results in a situation where more international financial assets are still preferred in dollars. The strong development of the dollar especially since the end of the WWII is that the dollar have increased as more and more people have used it, but due to the weak development of the dollar since 2000, the euro have come to take the same way, becoming the predominant currency, due to two advantages. The first point is that the euro is used by 310 million people in twelve of the richest countries in the world. The second point is that the euro enables different international investors to diversify their portfolios in a greater way since the euro allows for a greater variety and number of assets than the dollar.

In this background of the four points of McCormick that euro have to fulfill to be the new world currency, the US suffers from being the number one currency since this have enabled them to during a long time run huge trade deficits, without being exposed to

⁸³ McCormick, p.94

economic consequences. This development with the push of the sub-prime financial crisis, and the unpopular and expensive wars in Iraq and Afghanistan have hurt the world hegemon in unprecedented ways, and the former financial minister Larry Summers have said that the US is heading towards a recession in 2008. As credibility decreases, more countries and private investors will shift to the euro as we have seen happening in an increasing pace. There is also speculation that OPEC might decide to redenominate their oil in to euro, which would lead to a tremendous negative effects for the US economy.

We can see how this development of the European Union and its single currency has ultimately increased its soft power and how the spread of the understanding and attractiveness of the European Union can be explained by the diffusion theory and the tipping point. As Rogers described in the diffusion process, and why innovations spread, is because the benefits of joining the union exceeds its costs, and the development and the spread of the euro is following the s-curve both in terms of GDP and the increased use of euro as the global reserve currency. The four points of innovation, communication channels, time, and social systems also fits in well in this model as the innovation is considered to enhance relative advantage to its adopters and the compatibility, trilability, and observability is positive since it idea of the European Union and its mechanism meets these points.

Gladwells theory of the tipping point further illuminates this concept, as it describes how the six first countries of the ECSC, worked as Connectors, Mavens, and salesmen “the law of the few” spreading the new idea of the pan European cooperation, and as the messages of cooperation have showed to be prosperous for those founding six countries it also became sticky “the stickiness factor” which enabled the early adopters to take on the innovation (join the European Union). The End of the WWII and the unstable development in Europe worked as the perfect context “power of context” to finally spark the success (increase the enlargement) of the European Union. As the development have continued and the European Union have increased their global influence as a global actor, their model of cooperation and joint political and economic agendas have spread the European idea across the globe leading to that the African Union in 2001 founded their future cooperation of the African continent on the structure and institutions of the

European Union which increases their soft power in the world as they are acting as a model for the rest of the world to follow moving away from the realist inspired US to the liberalist European Union. As the European Union have continued its development and credibility since the introduction of the euro, the unpopular War in Iraq and Afghanistan, and as we shall see their weak environmental role, have worked as a catalyst tipping the equilibrium to the advantage of the European Union, and the euro as the interest of the euro have skyrocketed as we have seen in terms of GDP and world reserve currency. The European Union have become a new economic superpower spreading the word of cooperation and multilateralism, where unilateralism and military coercion becomes vaguer as times goes by. The words of McCormick describe this development profoundly;

“Ideas, too, have power. In some cases, they have resulted in non-violent change: the Enlightenment, the Industrial revolution, globalization, feminism, and environmentalism, have all transformed politics, economics, technology, and culture, without a single shot being fired...Militarily, the Europeans threaten no-one. This has been interpreted by realists as a sign of weakness (witness Europe’s record in the two Gulf wars and the Balkans, they say), but it could as easily be interpreted as a sign of strength. Europe does not need to use force or the threat of force to encourage change; instead, it offers the incentive of opportunities.”⁸⁴

These words become painfully true as the European Union through its focus on economic, technological, cultural, political, and moral perspectives have been able to influence the world and becoming a new changed superpower, leaving the realists behind, as Rosecrance says, “where states once had no choice but to pursue military power, they now have a choice; they may remain political-military states, or they may instead pursue economic power and become trading states.”⁸⁵

⁸⁴ McCormick, p.15

⁸⁵ McCormick, p.14

3.3 A new political actor?

In this chapter I will present arguments for the increased role of the European Union in a global perspective from three factors. The first is the political, where emphasizes on foreign aid and external relations has enhanced the role of the European Union. The second factor is how the fight on global climate change in the Union has further contributed to this development. The last factor is how the limited focus on the military agenda has enhanced the soft power influence of the European Union. All these factors have played a key role in the understanding of the new role of the European Union in the international arena.

3.4 The political development

We have seen how the Economic development of the European Union have increased the notion of the union as a new super power and how the economic cooperation through out the pan-European area have increased their soft power as they are acting as a model for the rest of the world to follow, and how this could be understood through the diffusion theory. The perception of the European Union and its new role on the global arena have to be seen from more perspectives to fully grasp its increased power by promoting soft means of power. We shall see how actions of European Union from different perspectives, especially, the threat of global climate change, the military, and foreign aid, have increased the attractiveness of the European Union and their soft power appeal in the world. The words of the European commission explain its new role in foreign policy in a profound way.

“Conscious of its global weight in economic and commercial terms the European Union uses its power in the interest of others as well as itself. The EU promotes prosperity and supports democratic values around the world; at the same time it thereby helps consolidate stability and well-being for the international scene. The EU is the world biggest trader; but it is also the biggest provider of aid to developing countries. It has created a more proactive foreign security policy with the capacity to carry out crisis-management and peace-keeping missions within Europe and far beyond. In today’s complex world, the EU has added new tools to the international instruments of foreign policy. It has, for instance,

taken international lead in tackling the issue of global warming and climate change. Global problems require global solutions.”⁸⁶

3.5 Foreign and external relations

Since the signing of the Rome treaty in 1957, the European Union has tried to link the pan-European continent together through democratic and economic cooperation and development in their quest for future prosperity and peace. This cooperation and responsibilities lead to that the member states agreed upon supporting their former colonies financially, especially Africa. As the European Union have continued to develop and reached a new place on the world scene, their responsibilities have increased as their relations with international organizations, and the rest of the world.

One of the most important factors of the European Unions relations to the rest of the world is the common external trade policy, which functions in two levels. The first is the World Trade Organization, in which the European Union along with its partners actively is involved in shaping the framework and rules for the international system of international trade. The second points is that the European Union is negotiating its own bilateral trade agreements with regions and countries, and works hard to enhance trade relations with developing countries by letting them get access to the European market.⁸⁷ The European Union helps developing countries in more ways than just traditional trade and development assistance, since them focuses on support concerning health and education, economic reforms, research and environmental policy, and infrastructure programs. They also provide help in areas of human rights, democracy, and non-proliferation of weapons of mass destructions.⁸⁸

Since the European Union recognizes the positive benefits of increased trade with developing countries for their economies in terms of economic growth and standard of living, they are enjoying cut-rate or duty-free tariffs and the fifty poorest countries in the

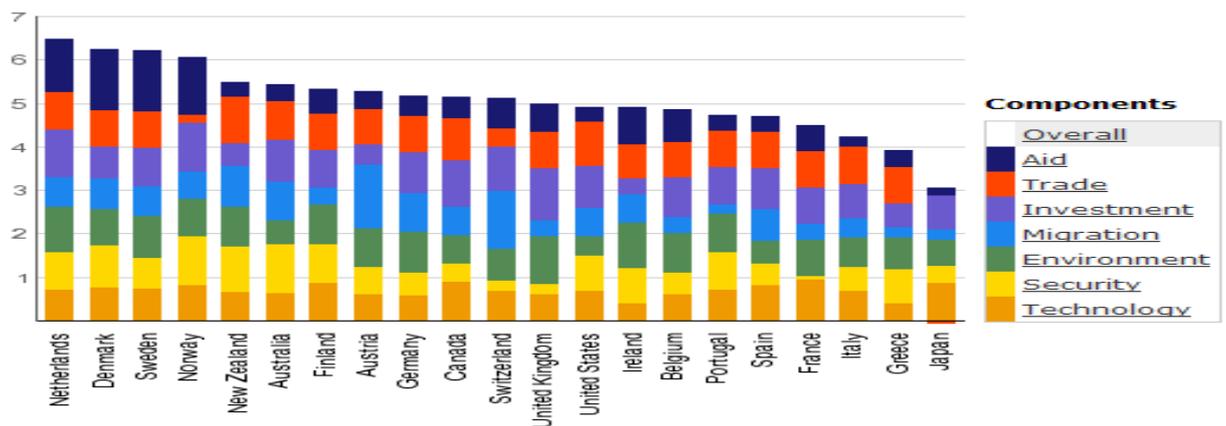
⁸⁶ Europe on the move, p.1

⁸⁷ Europe on the move, p.4

⁸⁸ Europe on the move, p.4

world have totally free access to the European markets. The European Union have also developed their foreign relationships with an African-Caribbean-Pacific agreement (ACP), also called economic partnership agreements, which focuses on economic integration with regional neighbors, as they becomes more globally integrated, through good governance and institution-building.⁸⁹ The European Union provides 56 per cent of all foreign aid provided by industrial countries, and in 2006, the total value counted for 47 billion euro, which means approximately 100 euro per citizen. This is in comparison to 53 euros of the US and 69 euros from Japan.⁹⁰ This was an increase in 2006 to 0,42 per cent of Gross national Income (GNI), still short of the UN target of 0,7 per cent of GNI. However there are four member countries that exceed the UN targets, and those are the Netherlands, Sweden, Denmark, and Luxembourg. The European Union has set their goal of 2015 for the UN goal of 0,7 per cent. African countries receive 15 billion euros every year, and make them the largest receiver of foreign aid from the European Union. Comparing the European Union and the US we can see that the European Union continues to gain soft power over the US as they contribute more in terms of foreign aid and development. The Commitment to Development index from 2006⁹¹ shows how different countries contributes in terms of aid, trade, investment, migration, environment, security, and technology. We can see that eight of the top twelve countries are European and that the US comes first of thirteenth place on the commitment to development index.

Figure 3.6 Commitment to development index 2006



⁸⁹ Europe on the move, p.7

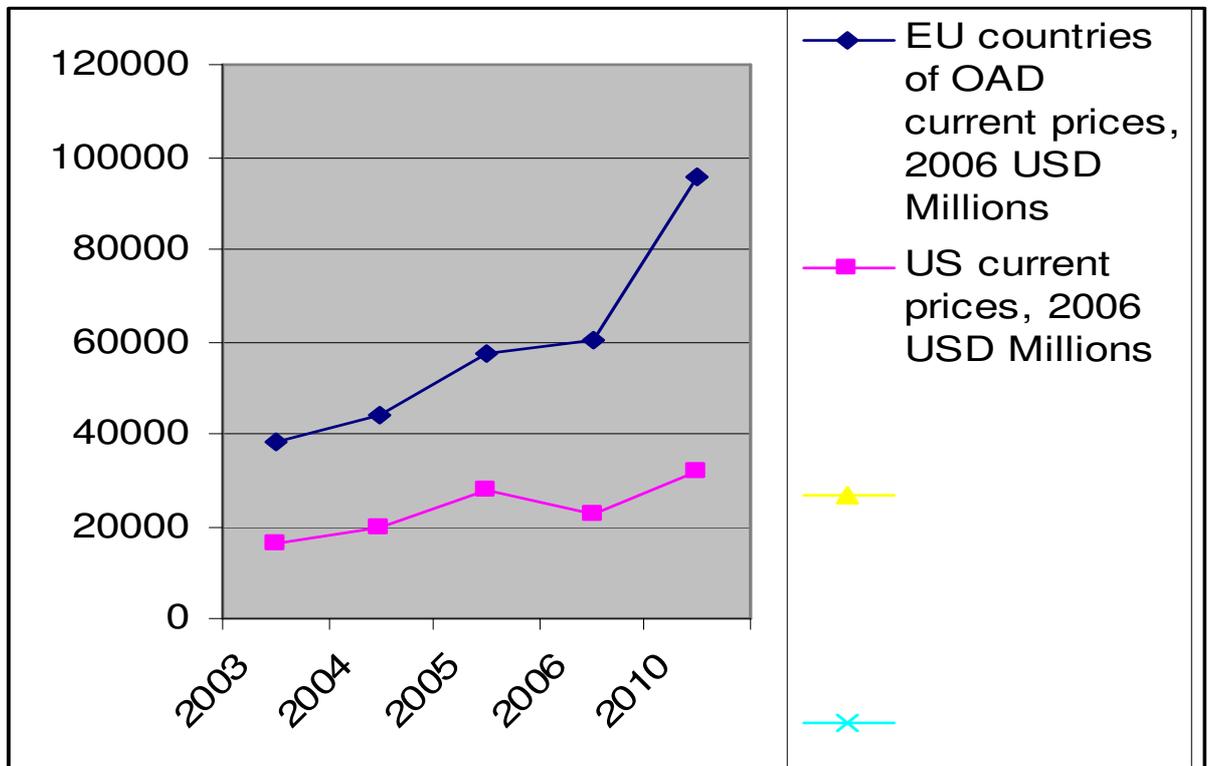
⁹⁰ Europe on the move, p.10

⁹¹ Center for Global Development, Commitment to Development Index 2006

Source: OECD Development Statistics Online

The same development becomes apparent if we compare the total foreign aid expenditures from the 16 richest European countries according to the OAD, and the US. Based on the figures from 2003 to 2006, we can see that the estimated foreign aid expenditure for the European Union in 2010 will be 95432 million US dollars, compared to 31683 for the US.⁹² This development further enhances the attractiveness and the soft power of the European Union in the world and especially the developing world, as the union contributes to their sustainable development through these aids.

Figure 3.7 Amount of foreign aid provided by the US and EU



Source: OECD Development Statistics Online

⁹² OECD Development Statistics Online

3.6 Fighting global climate change

In terms of soft and hard power and the new role of the European Union as a superpower in the international arena, their strong environmental focus, which have brought into the global frontrunner position in fighting global warming, have increased their global leader role and soft power, as they are taking on the necessary changes for bringing about change. The European Union is united in the fight against global warming and has taken international lead in cutting its carbon dioxide emissions under the Kyoto protocol with 8 per cent from their 1990 level in 2008-2012⁹³, and after that cut it with another 20 per cent in 2020.

“The EU has also brought in the world’s first market-based mechanism to cut carbon emissions. It has set a ceiling for the amount of allowable CO2 emissions from industrial plants, leaving companies free to buy or sell available emissions rights, depending on whether they come in under the ceiling limits or not. At the same time, the EU cooperates with other countries like China in devising ways to use energy more efficiently and to burn fossil fuel more cleanly.”⁹⁴

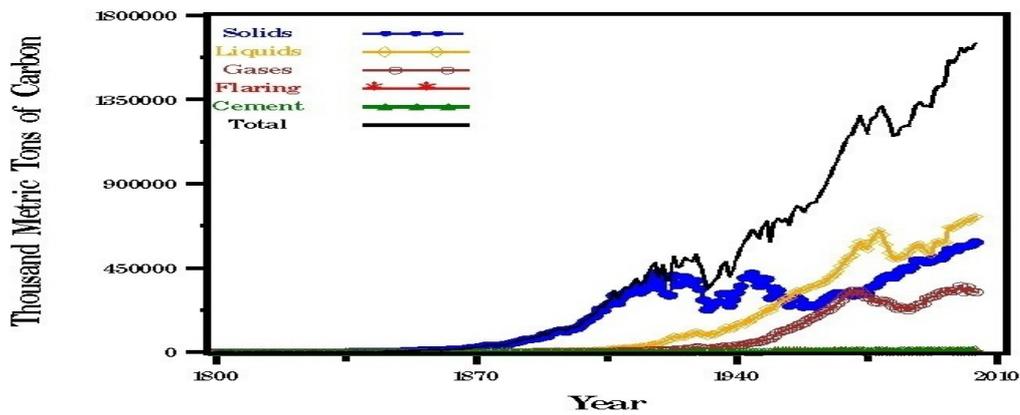
In this background of the environment and soft power, it becomes clear that it is the industrialized developed world with their CO2 emissions that are the biggest contributing factor behind the present effect of global warming, according to the Nobel price winning UN organ IPCC and their forth assessment report from 2007. The report makes clear that is the industrialized world who has become the winners in the development race, where the developing world is the major victims.

Looking at the graph it becomes clear that the US (by far the largest emitter of the both) together with Canada is the world’s greatest emitters of CO2. According to the IPCC report, it is the developing world who is being most harmed by this development, which rapidly increases the Soft power and the appeal of the European Union, as the fight and cooperates with the developing world in fighting global warming.

⁹³ Europe on the move, p.14

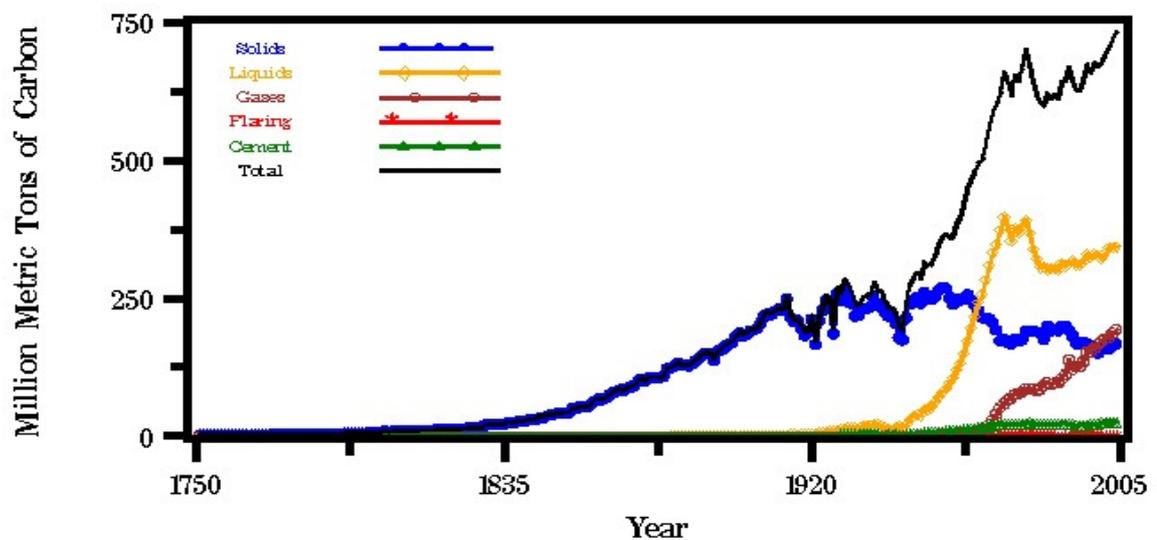
⁹⁴ Europe on the move, p.14

Figure 3.8 carbon dioxide emissions by the US



Source: <http://cdiac.ornl.gov>

Figure 3.9 Carbon dioxide emissions by The European Union



Source: <http://cdiac.ornl.gov>

3.7 A European military giant?

After the WWII, there were many voices heard and attempts to create a common foreign defense policy, but the unsuccessful creation of the European Defense Community in 1954, came instead to lead to the European Economic Community.⁹⁵ The fragile European

⁹⁵ Europe on the move, p.8

continent in the aftermath of the war and the fall of Germany, have been the main reason for the controversies of a new great army on European soil, due to the shocking memories from the two world wars and all its casualties and devastation. The foundation of the CFSP was created during the 1970's by the European Political Cooperation, with the aim of coordinating the interest and aim of the European countries on important foreign policy matters. The Maastricht treaty in 1992 came to lay the foundation of common foreign and security policy (CFSP), and defined which types of political and diplomatic activities the European Union could undertake in resolution and conflict prevention.⁹⁶ The changing atmosphere in the transatlantic relationship between the European Union and the US during the 1990's, after more than fifty years of relatively stable relations, the "clash of threat perceptions" as Werner Weidenfeld describes it, and "US from Marsh and Europe from Venus"⁹⁷ as Kagan calls it, have resulted in a new, uncertain phase, in the light of the war in Iraq.⁹⁸ This changing nature of the transatlantic relation, and the failure to intervene in the war in former Yugoslavia, and major conflicts in Africa, lead to that the European Union adopted in 1999, a European security and defense community (ESDP) which acts under the framework of the CFSP. The ESDP acts as a tool to send police or military forces into conflict zones to carry out humanitarian and rescue missions, crisis management, peacekeeping and also peace-making operations. The European Union has also created a rapid reaction force; separate from NATO, but with access to NATO means, in order to act in global crisis by military means.⁹⁹

In this context of more effective new role European military, and the transatlantic controversies, the European Union has changed their hard power side, along the influential means of soft power. But in comparison to the US with their unilaterally influenced national security strategy and their notion of go it alone in the world, and the multilaterally influenced European security strategy, the European Union represents a more soft power

⁹⁶ Europe on the move, p.8

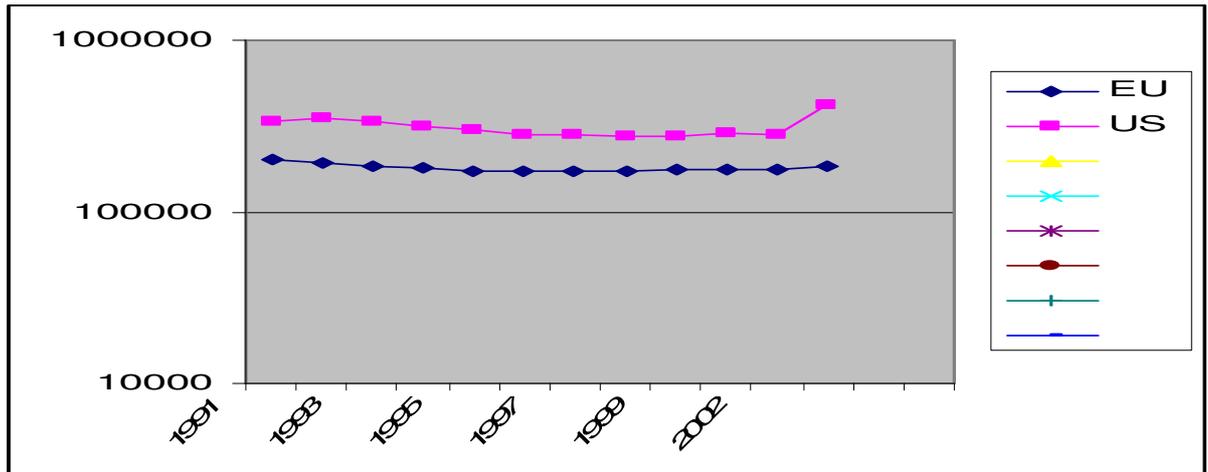
⁹⁷ Kagan, p.4

⁹⁸ Weidenfeld, p.113

⁹⁹ Europe on the move, p.8

focused military since their primary focus is peace-keeping. Europe has been living with the memories of the two world wars which have influenced its relation to its military superpower aspirations and plays a vial role in their soft power dominance through cooperation and sustainable development. Looking at the military, we can compare the defense budget for the US and the European Union.¹⁰⁰

Figure: 3.10 Military spending, the US and EU



Source: Cameron, p.123, McCormick, p.71

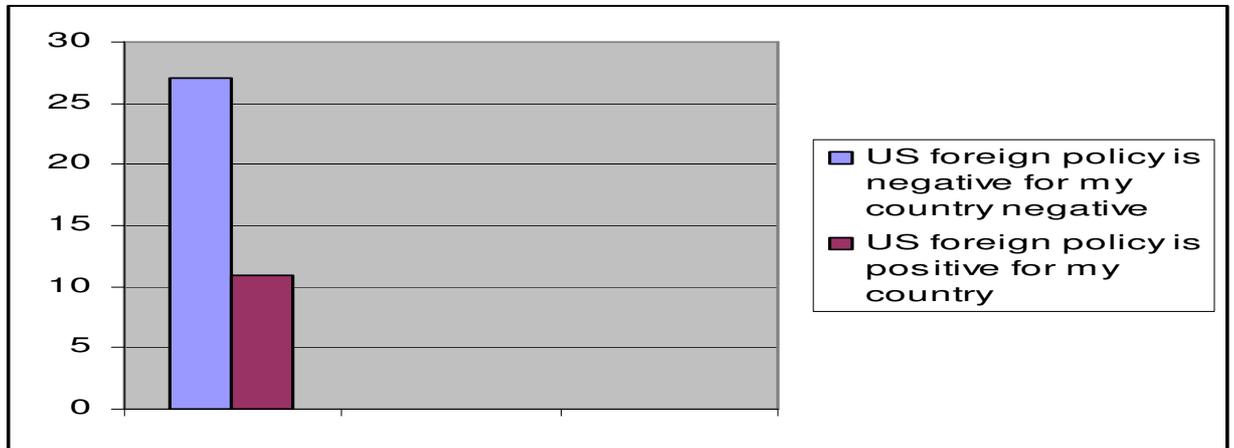
We can see that the defense spending of the European Union have been at a constant level around 180000 million dollars, compared to the US, which have fluctuated around 300000 million dollars, and in 2004-2005 skyrocketed to 420000 million dollars. A lower defense budget of the European Union marks their soft power focus over the hard power dominance of the US. The hard power influences of the US and the war in Iraq have lowered their attractiveness in terms of soft power.¹⁰¹ Looking at the Gallup-international polls from 2003 before and after the invasion in Iraq, we can clearly see the mistrust in the hard power focus of the US in the world. 27 countries means that the US foreign policy has negative effects on their own security, while 11 means that the US foreign policy has positive effects on their countries. This can be contrasted with a similar poll that shows

¹⁰⁰ Cameron, p.123, McCormick, p.71

¹⁰¹ Gallup-international Iraq 2003 Poll

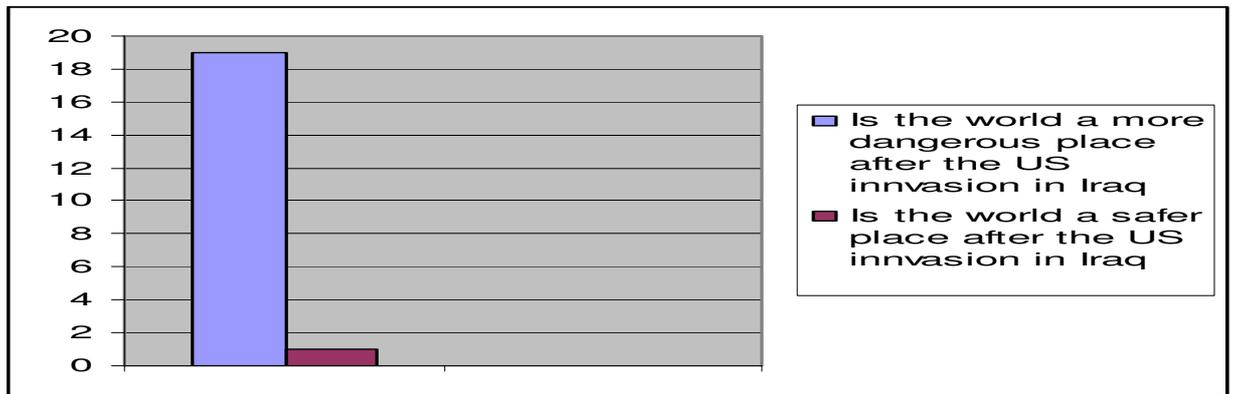
that 19 of 20 countries thinks that the world after the US invasion in Iraq is less safe than before, and the only country believing its safer is the US.¹⁰²

Figure: 3.11 Perception towards the US foreign policy impact



Source: Gallup-international Iraq 2003 Poll

Figure: 3.12 Perception if the world can be considered a more dangerous place after 9/11



Source: Gallup-international Iraq 2003 Poll

In this comparison between the US and the new superpower of the European Union we can see that the US has been losing international legitimacy and attraction through their loss of soft power and hard power focus. The European Union has been able to gain influence in the international arena due to their soft power focus and the spread of cooperation of the European Union through the mechanics of the diffusion model. As Allen G. Sens argued, referring to John Palmer in 1988, the European editor at the

¹⁰² Gallup-international Iraq 2003 Poll

Guardian, who described in his book titled *Europe without America*, “a Europe which broke free from the chariot wheels of nuclear militarism and helped demonstrate new ways to master economic, political, and social problems could make an immense contribution to freedom and world peace.”¹⁰³ As Sens argues in his book, *Changing politics of the European Security, Europe alone?* Europe will increasingly act alone in the future, apart from the US in security matters, through the machinery of the European Union.¹⁰⁴

3.8 Summary and discussion

Looking at the European Union through the perspective of soft and hard power and diffusion of innovations, what I call cooptive enlargement, we can see that it has become a new superpower. What makes this perspective fruitful is the that it can help provide a methodological approach and explanation to why the European Union came about and why it has been able to develop into the largest most powerful trading area in the world. By focusing on multilateral cooperation, the founding Coal and Steel Union resulted in spillover effects that enabled increased economic and democratic development on the pan European continent.

Taking the five categorize of political construction, economy, environment, foreign aid/ external relations, and the military into consideration, we can see that these factors has increased the soft power of the European Union, especially in relation to the US. This development has also worked as a model for success to other parts of the world, as different trade areas and Unions, such as the African Union, NAFTA, Mercosur, ASEAN, and SAARC has been founded.

What the concept of cooptive enlargement provides is a new understanding of global power politics since it premiers the power and influence of soft power rather than the coercive nature of unilateral hard power. Rather than coerce and threat others to do what you want them to, the ability to attract others by having a successful model that promotes increased economic development and increased democratic rights will prevail in the 21st

¹⁰³ Gänzle, Sens, p.1

¹⁰⁴ Gänzle, Sens, p.2

century. What ever actor, trade area, or Union those manage to do this, will be the ones with the power to influence in the new millennium. A new world order.

4 Conclusions

Since the signing of the Treaty of Rome in 1957, the European Union has come to lay the foundation to something much greater than anyone could ever imagine. A Europe in ruins and a continent in grief turned the first page on the European success story that today, 50 years later, has brought it to a new place on the world scene as a new superpower. This was possible by laying down the past realist definition of the superpower, illuminating the importance and influence of soft means of power, where cooperation through joint economic and political agendas nurtures economic development and democracy on the pan-European continent.

Through the perspective of soft and hard power, we can see how the European Union has come to act as a new superpower with its focus on soft power. The European Union has been able to gain power in the world when becoming a new economic might, in respect to the US, who has increasingly been acting unilateral since 2000. The theory of the tipping point and the diffusion of innovation, helps enlighten why the European Union has been able to gain power in comparison to the US. This is because its focus on economic and democratic cooperation offers obvious advantages for its members as they sees that the founding countries are experiencing the positive effects of cooperation. The founding six countries, worked as inventors in the theory of the tipping point, and they proved that the idea of the European Union with its single market was truly attractive to other countries since it enhanced economic and political development, and the tragic background of the world wars acted as the perfect context and atmosphere for the Union to grow.

The European Union has been increasingly focused on its soft means of power which has increased its appeal and attractiveness in the world, as we can see when the African Union based their institution setting on the structure of the European Union, and in the economic arena, where it has grown to a new global power. Looking at the five groups of questions, political development, economy, environment, foreign aid/external relations, and the military, we can see that the European Union has prevailed over the US.

In the economic field the European Union has truly come to act as a new superpower matching the US. Looking at the statistics we can see that the European Union already counts for the largest internal market in the world, and is growing. The Euro could by 2022 count for the largest reserve currency in the world and even earlier in the developing world. The European corporate wonder have flourished and spreads the soft power of the European Union, as they have left many of their US rivals behind. Even though the US is still a great powerhouse in the global economy, and will continue to be for a long time to come.

Looking at the external relations and the foreign aid of the European Union, it has been able to increase its influence and contact in the world tremendously. The cooperative and development focus of the European Union has increased their appearance in the global scene and especially in the third world where its trade agreements strive after democratic and sustainable development. The high foreign aid will provide a better foundation for developing countries in times of globalization and development.

In order for the European Union to continue to grow and reach new magnitudes as its borders becomes larger, they have to continue to provide development for their members in economic and political terms. It further has to develop its relations with the rest of the world. It is hard to predict the future of the European Union and its military development, but as the transatlantic relations with the US have been complicated, the European Union is likely to continue develop its own agenda with soft means of power as the predominant tool. Looking at the demographic trends of the European continent, we can see that the population rate is in decline, but if the European Union continues to open up its borders it will grow, and also be able to enjoy an increased quality of life. The theory of the tipping point and the mechanics of the diffusion of innovations ultimately lead to that the idea of cooperation through union buildings, represented by the European Union, continues to spread and reach new frontiers as the idea of economic and democratic cooperation, becomes a new paradigm in our globalized world. This would enable all parts of the world to forge into Unions of cooperation as it nurtures increased standard of living and peace. What six countries founded in a continent in ruins, was not only a brave start towards a peaceful future, it was the foundation of a new world order.

So why have so little been explored in the field of the diffusion of innovations, and soft and hard power in political science? It is a profound question without clear answers, but

the field of soft and hard power is relatively new, and its realist critics have not yet come to recognize its increasing importance in our globalized future, where we can see that soft means of power have created a new superpower, the European Union. This concept of “cooptive enlargement” enables a deeper understanding of how soft and hard power attracts and influence the world and its actors, international relations, and how the European Union has come to be a super power, in a new world order.

Future studies in the field of soft and hard power and the European Union as global actor and a superpower, are to find more empirical data such as the Euro barometer, with perceptions towards the attraction of the European Union and the US and other parts of the world. What factors affects the ability to attract and what factors are more important and influential than others? Looking at the theory of cooptive enlargement, further studies could analyze how this theory could be applicable to the development of other trade areas, cooperation, and Unions, and their relation to the evolution of the European Union. Even though this approach is new to the field of political science and international relations, it remains no doubt. The old world of power politics and hard power has clearly been challenged.

“These are tumultuous times. Much of the world is going dark, leaving many humans beings without clear direction. The European Dream is a beacon of light in a troubled world. It beckons us to a new age of exclusivity, diversity, quality of life, deep play, sustainability, universal human rights, the rights of nature, and peace on earth. We Americans used to say that the American Dream is worth dying for. The New European Dream is worth living for.”

Jeremy Rifkin

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