The European Union, and indeed the entire world, has reached a major historical crossroads — not dissimilar in scale to 1648, 1815 or 1945. We are entering a complex period of power transition, triggered simultaneously by the end of the Cold War and by globalization. These processes reflect powerful movements of history’s tectonic plates. The challenges they have thrown up are like nothing the world has seen before. As Einstein noted, “We can’t solve problems by using the same kind of thinking we used in creating them”. A new approach, a new mindset is required to move forward. We know that the EU was founded to solve yesterday’s problem — the one thousand year old civil war within and between Europe’s barbarous member states. That narrative of internal peace no longer resonates with today’s generation of twenty-somethings who will run the Union in 20 years’ time. There has to be a new type of motivation. We are in desperate need of a new narrative. In Athens on 8 July, Catherine Ashton was upbeat about the progress which Lisbon induces, at the same time as she acknowledged that we are still in a “transition phase”. But Lisbon does not amount to a new narrative.

I don’t have all the answers. As Oscar Wilde quipped, “I am not young enough to know everything...”. But of this I am certain. If the EU fails to capitalize on the promise of Lisbon including, crucially, Permanent Structured Cooperation in Defence (PSCD), if the member states continue to fiddle while Brussels burns,

then the whole intricate tapestry woven over the last fifty odd years could well begin to unravel. Einstein defined insanity as “doing the same thing over and over again and expecting different results”. How long will it take us to recognise that, if the prime motive force behind the European story is narrow member state national interest, then the Union as a global actor will remain merely a figment of the political imagination, a revolutionary new Broadway show for which there were many rehearsals, props and a script but which simply failed to open. The recent Greek crisis demonstrated that the member states ultimately understand that, in the words of Benjamin Franklin, they must hang together in order to avoid hanging separately. But it took them an awful long time to demonstrate that collective understanding. And the financial markets remain largely unimpressed. Andrew Moravcsik recently argued in Newsweek that the EU enjoys a blissful state of stable equilibrium which rules out with equal certainty either a collapse of the Eurozone or a great leap forward towards much deeper integration. I am far from convinced by this thesis… The EU needs to go boldly forward on both fronts: its own internal functioning and its role on the global stage.

Churchill said that “a pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty”. As you may recall, Churchill also said, “as for me, I am an optimist. I frankly see little point in being anything else”. Many of us European scholars and practitioners are life-long optimists, who have believed strongly in the historical importance of the European integration story. Recently, I think many of us have felt our optimism ebbing away. Yes, we expected turf wars after Lisbon was ratified; yes, it is normal that such a significant institutional innovation as the External Action Service would take time to bed down; yes, we knew that the post of High Representative and that of Presidency of the Council would have to co-exist with powerful egos in the national capitals and in the Charlemagne building. All this, we expected. What we did not expect was such a protracted and small-minded type of guerrilla warfare over the tiniest details of competence and responsibility. This must be avoided at all cost when implementing PSCD.

Let me be clear. I consider the EU to be an amazing success story, the most incredible experiment in international relations since the Roman Empire — and infinitely less bloody. For more than fifty years, we have muddled along, accumulating an acquis and creating a praxis which has brought us to the verge of international actorness. But the curtain has not yet gone up and the show has not yet really begun. Much of the progress towards actorness is attributable to the sheer determination and commitment of the founding fathers and their waves of successors. There have been as many failures as successes. And, to quote Churchill once again, “success consists in going from failure to failure without loss of enthusiasm”. But is that enthusiasm still there today? Where is the new narrative?

**A MILITARY ACTOR**

One important part of the new narrative is that the EU has become a military actor — but of a new and different type. Brussels does not do classical warfare, but it does do international crisis management — and it will have to do much more of it in the future. The number of fragile and failing states is not decreasing. The member states have something called “defence budgets”, but “defence” as traditionally understood is only a small part of what the EU is about militarily. In fact, collective defence
remains, in all official discourse, the responsibility of NATO. The EU-27, in 2008, nevertheless spent almost US$300 billion on “defence”, less than half the US defence budget for that year — $696 billion. But the EU includes eight of the top twenty national defence budgets in the world, and currently contains the world’s number two and three spenders (France and the UK). The collective EU spend is equivalent to the combined defence budgets of the eight next biggest defence spenders (China, Japan, Russia, Saudi-Arabia, India, Brazil, South Korea and Australia — $289,108), which include all the “rising powers”.

And yet, the EU gets very little bang for its euros. Out of that colossal overall “defence” outlay, the EU-27 has been attempting to fund twenty-seven separate armies, twenty-three air-forces and nineteen navies. Furthermore, just three countries in the EU (France, the UK and Germany) together account for over 60% of the combined EU-27 defence budgets and if Italy is added to the trio, the four nations alone contribute over 70% of the total EU defence expenditure. The only one of the new accession states with any significant military clout is Poland, which has doubled its defence budget in the past five years and ranks (at $10,176 m) in seventh place out of the EU-27. The average “defence” expenditure of the fifteen lowest-spending EU member states (who collectively account for 7.7% of the “EU budget”) comes to just $1,495 m. That is half the defence budget of Vietnam! In the view of one leading expert, Nick Witney, much of the money the EU spends each year on defence “is simply wasted”. Given the current crisis, there is no money to waste. The case for rationalisation is overwhelming and long overdue. PSCD will play an important part in that process.

As Belgium, Hungary and Poland prepare to take their turns at the tiller, the challenges are going to become tougher and tougher. Every analyst agrees that international crisis management is a crucial added value which the EU is well placed to deliver. But they also agree that the coming missions will be much more complex. Atalanta is probably the most serious military mission yet undertaken — it is certainly the most overtly strategic mission the EU has undertaken. But for every Atalanta, there are ten or a dozen potential missions in Darfur, Gaza, Lebanon/Syria, the Caucasus, the Mediterranean waiting in the wings. The EU is currently receiving far more requests for its crisis management skills than it can possibly meet. It simply cannot escape its international responsibility as a military actor. The record to date is nothing to be ashamed of. Every operation so far undertaken has its underlying raison d’être. None has been embarked on flippantly or for the wrong reasons. But the future will be much more challenging. And this is where PSCD is both a symbol and an example. It is a symbol of political will in the service of effective military inputs. And it is an example of the method the EU must deploy if it is to meet its strategic objective of helping to forge a more stable, more balanced, more cohesive world order.

Bottom up coordination is unavoidable. Member states with similar levels of capacity will have to talk to one another to arrive at sensible synergies. But top down is equally unavoidable. Some of us have been arguing for years in favour of a European Security Council, a formal Council of Defence Ministers, a European White Book on Security and Defence, an integrated Intelligence Agency, a permanent OHQ, an upgraded EDA, the type of coordinated defence capacity generation projects which we saw under the French Presidency in 2008 and much
more besides. Without these stimuli, Europe will remain a lesser military actor than she needs to be. And in the context of the emerging world order, she cannot afford not to be a serious actor.

**EU STRENGTHS**

What are the EU’s strengths and weaknesses as a global actor? At a predominantly material level, the EU has many serious disadvantages, both in relation to the US and in relation to the emerging powers: geographic size; demographic decline; resource penury; energy dependency; colonial baggage (let’s not kid ourselves, those formerly on the receiving end of imperial outreach are not uniformly positive about the European legacy); we also suffer from sluggish if not zero growth. The list is long. And when one adds to it the absence of any central political authority, the whole EU project begins to look like an elaborate hoax. What are the EU’s strong points as an international actor? There are several, and they are really important, and they all relate to the context in which international relations is set to take place over the next few decades. For here, the EU does have a comparative advantage — if only it would learn to leverage it.

First, the world has now enjoyed sixty-five years of multilateral institutionalism and the progressive accumulation of a corpus of international law which has sought — with marked success — to regulate relations between states existing under anarchy. The EU has blazed that trail as effectively as (if not more effectively than) any other actor.

Second, we have an intensifying system of what Joe Nye and Bob Keohane have called “complex interdependence”: the thickly woven, deeply intermeshed and structurally inter-related global networks of investments, exchanges, flows of every conceivable type — and even interests — between nation states and other actors. In many ways, in terms of forging and managing complex interdependence, the EU is in a class of its own.

Third, the bloody violence of war in the 20th century demonstrates conclusively that territorial aggrandisement no longer pays. And the recent wars in Vietnam, Iraq and Afghanistan have shown that military power alone has very little utility when it comes to solving complex socio-political problems. Thomas Barnett has warned of the pointlessness, in the 21st century world, of deploying naked military might — what he calls the “Leviathan Force” — without having in advance fully thought through what happens next. The EU understood this dilemma earlier and better than most other players. The EU as a military actor has trail-blazed integration of military instruments and “everything that happens next”. In many ways, it is because the EU is emerging as a military power that it is beginning to be effective as a civilian power.

Fourth, the “international community” has arrived at a historical turning point where failed states have become more worrisome than strong states, where collective security becomes more relevant than territorial defence, where human rights become as important as states’ rights, and where multi-level bargaining trumps muscle-flexing. Once again, in this radically new approach to IR, the EU has blazed an often lonely trail. The EU recognized before any other major player that, in this complex multi-polar world, every problem — and every solution — is in fact political.
**GRAND STRATEGY**

But in order to deliver on the serious potential which it commands in the 21st century, the EU needs strategic vision. Some of us have been banging on for years about the need for a “grand strategy”. There are four main reasons why the EU needs to begin at long last to think in terms of “the calculated relationship between means and large ends”.

First, the very fact (highlighted earlier) that the EU, politically and institutionally, does not enjoy the attributes of a unitary state should motivate its leaders urgently to find ways of overcoming what is a major strategic disadvantage.

The second reason is that the US umbilical cord has now been cut. The glaring contradictions in the Albright Report on NATO’s new strategic concept are a reminder that while Europeans still yearn for Article 5, Americans want European support for their global grand strategy. I fail to see how NATO, which at the same time needs desperately to tighten its belt, can deliver both. In Europe and in the rest of the world, Europeans increasingly need to be clear about what it is they are attempting to achieve. The formulation of European strategic objectives should follow European logic and European logic alone. We need a new yardstick — what I shall call the Shapiro and Witney litmus test — to enable us to measure the extent to which the EU is capable of defining its own autonomous policy with regard to the great strategic challenges of the coming decades. It is only when the EU emerges as an autonomous actor that the US will value it as an ally.

The third reason has to do with a new approach to partnerships with the other major players. The EU is objectively well placed to engage in such new strategic partnerships. This was the third priority mentioned by Catherine Ashton in her Athens speech. However, unless these partnerships are coordinated via a grand strategic plan, they will be sub-optimal in impact.

The final reason derives directly from this last point: the world’s other principal players, all of which are unitary states, behave in a clear strategic way. The US, China, Russia, India and Brazil are pursuing clear-cut and long-term strategic goals. General Jo Coelmont was the first to suggest that they are playing chess while the EU is playing ping-pong. But chess is zero-sum: one winner, one loser. We don’t believe in that any more. I sometimes suspect that we are actually engaged in a collective game of Go. In Go, “victory” is relative. There are no absolute losers. We really need to think in terms of a brand new game, a positive sum game in which everybody is a winner. This must be the new narrative. The type of game now being engaged by the major players is not of the traditional Westphalian type, dominated by military power and territorial acquisition. It is a game which involves the deployment of a vast range of instruments (including military instruments) in new and unprecedented ways — a game, in short, for which the EU is comparatively well equipped.

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CONCLUSION

Catherine Ashton spoke of the EU’s need to be both “generous” and “creative” in its interaction with its strategic partners. I could not agree more. What is required is what Robert Hutchings has called the global grand bargain. The global grand bargain will involve a necessary series of trade-offs, some bilateral, some multilateral, between the rising and the declining powers. These trade-offs will be required in all major policy areas—governance, security, finance, trade, agriculture, energy, climate, development, proliferation, cultural exchanges and intellectual property. The Global Grand Bargain will, in effect, lead to the creation of a brand new international system. This is the new grand narrative. The rising powers have made it quite clear that they will not just be co-opted into the existing liberal international order. What the new grand narrative should aim for is a world of cultural and political diversity in which, nevertheless, stability, security, prosperity, development, environmental sustainability, and self-determination are considered in holistic terms as key elements of global inter-dependence. The creation of this new international order, equally acceptable to all players (including the Global South) is the great challenge of the coming decades.

The creation of the EU was a visionary attempt to adapt to the new international order of the post-1945 world. Further adaptation to the very different world order emerging in the 21st century demands equally far-sighted strategic vision. It demands a Global Grand Bargain. That is the narrative able to enthuse and motivate the new generations of Europeans. To help strike that bargain, the EU urgently needs to maximise its military potential. PSCD is an excellent place to start.

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