



# EUROPE'S PROMISE

WHY THE EUROPEAN WAY IS THE  
BEST HOPE IN AN INSECURE AGE

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**TABLE 1. THE AMERICAN WAY VS.  
THE EUROPEAN WAY**

	<i>European Way</i>	<i>American Way</i>
<i>Political</i>	Proportional representation electoral systems	Winner-take-all electoral systems
	Publicly financed campaigns	Privately financed campaigns
	Free media time for political parties	No free media time, expensive to buy political ads
	Robust public TV and radio, fostering debate	Corporate media, underfunded public broadcasting, limited debate
	Multiparty legislatures	Two-party legislatures
	Political pluralism, choice for voters	One-party districts and states, “orphaned voters”
	More debate and discussion of issues	Poll-driven sound bites targeting swing voters
	Universal voter registration	70 million unregistered (eligible) voters
	Voting on a holiday or weekend	Voting in the middle of a busy workday
	High voter turnout	Low voter turnout—single digits in many races
	National election commissions and standards	Decentralized, hodgepodge election administration
	Upper legislative chambers have little power	U.S. Senate has as much power as the House
	Upper legislative chambers treat all regions the same	Senate, Electoral College give advantage to low-population, conservative states
	More trusting of democracy—Children’s Parliaments, deliberative democracy, Question Time, etc.	Mistrust of democracy and “We the People”
	Foreign policy based on multilateralism, investment, and Marshall Plan–like development	Foreign policy based on unilateralism and preemptive strikes
<i>Media</i>	Diverse outlets, left/right/centrist views	Corporate media gatekeepers, constricted views
	Well-funded public broadcasting (radio and TV)	Weak, underfunded public broadcasting
	Political pluralism—promotion of ideas/debate	Loss of political ideas and debate
	Subsidized, diverse daily newspapers	Failing newspaper industry
	High level of civic literacy	Low level of civic literacy
	More people read newspapers	Fewer people read newspapers
<i>Economic</i>	Better-informed citizenry	Poorly informed citizenry
	Family and community values, social solidarity	Hyperindividualist values, ownership society
	Codetermination—worker representatives on corporate boards of directors and works councils	Hierarchical business structures, little consultation
	Balance of stockholder and stakeholder rights	Stockholder rights are supreme
	Social contract is intact and comprehensive	Social contract is fraying and porous
	High percentage of unionized workforce	Low percentage of unionized workforce

(continued)

**TABLE 1.** (continued)

	<i>European Way</i>	<i>American Way</i>
<i>Economic (continued)</i>	<p>Labor and management confer more extensively</p> <p>E.U.-wide minimum labor standards</p> <p>National referendums on joining E.U. and adopting euro</p> <p>Trade surpluses</p> <p>Strong euro</p> <p>Low unemployment in most countries, higher in Germany, France, Italy (pre-2008 economic crash)</p> <p>Unemployed have sufficient support</p> <p>Job training and retraining</p> <p>Higher income taxes but lower out-of-pocket expenses, many more services than in U.S.</p>	<p>Adversarial relations between labor and management</p> <p>“Right to work” states and antiunion laws</p> <p>Corporate-driven free trade pacts</p> <p>Large trade deficits</p> <p>Weak dollar, debtor nation funded by foreign creditors</p> <p>Lower unemployment (but if prisoners included, rate is closer to Europe’s)</p> <p>Unemployed can end up destitute</p> <p>Little job training or retraining</p> <p>Lower taxes but much higher out-of-pocket expenses. Total tax and expense burden similar to Europe’s</p>
<i>Energy</i>	<p>Increasing use of conservation, renewable energy, and new technologies</p> <p>More green energy design, green businesses, cogeneration</p> <p>More energy-efficient autos, homes, buildings</p> <p>Efficient mass transit, high-speed trains, vast rail networks</p> <p>First cap and trade system for CO<sub>2</sub> emissions</p> <p>Limited use of carbon taxes to encourage conservation</p>	<p>Energy inefficiency, little conservation or renewable energy</p> <p>High CO<sub>2</sub> emissions, energy-wasteful businesses</p> <p>Energy-wasteful autos, homes, buildings</p> <p>Poor mass transit, sparse rail system</p> <p>No functioning cap and trade system</p> <p>No carbon taxes</p>
<i>Workfare</i>	<p>26% of \$20 trillion economy spent on social benefits, 36% more per capita than U.S.</p> <p>Less than 2% of GDP spent on military</p> <p>Universal, affordable health care for all</p> <p>Top-ranked health care for half the cost in U.S.</p> <p>Paid parental leave following a birth</p> <p>Mandatory paid sick leave for all</p> <p>Affordable, universal child care</p> <p>Generous vacations (avg. 4–5 weeks), more holidays</p> <p>Shorter work hours per week</p> <p>Comfortable retirement pension</p> <p>Inexpensive university education</p> <p>Affordable housing, widespread nonprofit housing developers</p>	<p>16% of \$14 trillion economy spent on social benefits</p> <p>More than 4% of GDP spent on military</p> <p>Patchwork health care, 47 million uninsured</p> <p>Health care ranked 37th globally, spends twice per capita of Europe</p> <p>No mandatory parental leave, paid or unpaid</p> <p>No mandatory sick leave, paid or unpaid—workers go to work sick</p> <p>Sparse and unaffordable child care</p> <p>Short vacations (avg. 2 weeks), few holidays</p> <p>Longer work hours per week</p> <p>Paltry social security retirement; some have savings</p> <p>Escalating cost of university education</p> <p>Escalating housing costs, more homeless people</p>



## INTRODUCTION

### *A Quiet Revolution*

A quiet revolution has been occurring in Europe over the past sixty years. A world power has emerged across the Atlantic that is meticulously recrafting the rules for how a modern society should be organized and how it should provide economic, political, and personal security, as well as environmental sustainability, for its many peoples. This is no small feat. In an era of globalized capitalism and worldwide climate change, when breathless media offer constant reminders that China and India, with their roaring economic growth rates, teeming populations, and spoiled environments, are supposedly the harbingers of everyone's future, Europe's crafting of a development model that has the potential to take us forward rather than backward raises a beacon of hope. Yet these changes mostly have taken place under the radar, misreported by the media and misunderstood by the American public and its leaders.

One of the reasons Americans have not grasped the magnitude of what is occurring across the Atlantic is rooted in the way we define "power." During the U.S.–Soviet superpower tussle of the Cold War, power and leadership were heavily dependent on military might. The Bush-Cheney years from 2001 to 2009 saw an aggressive reassertion of this muscular posture, and President Barack Obama has yet to turn this page, maintaining significant troop levels in the Middle East and elsewhere around the world. Yet for all the talk of America as the world's lone remaining superpower, the events since September 11, 2001, have

demonstrated the limits of that power. Meanwhile, Europe's power and influence have been manifesting in myriad ways, some of them traditional and others unconventional:

*Economic strength.* The European Union, with its twenty-seven member nations and half-billion people, has become the largest, wealthiest trading bloc in the world, producing nearly a third of the world's economy—almost as large as the United States and China *combined*.

*Competitive businesses.* While its critics have derided Europe as a land of “creeping socialism,” in fact European economies are unapologetically capitalist, with way more Fortune 500 companies than the United States, China, or Japan. The World Economic Forum's rankings of national economic competitiveness regularly list European nations in most of the top spots, and European companies are corporate America's biggest target for foreign investment, far more than businesses in China or elsewhere in Asia. But it's not a one-way street: in 2004, European businesses accounted for nearly 75 percent of all foreign investment in the United States, being the top foreign investors in forty-five states, with more than \$1.4 trillion in investments.

*Real family values.* Yet Europe's brand of capitalism is increasingly different from that of America's. Europe has led the way in figuring out how to harness capitalism's tremendous wealth-creating capacity so that its benefits are broadly shared. To do this, post-World War Europe transformed its nation-states from the war machines they had been since the sixteenth century, redirecting huge amounts of resources away from military expenditures and plowing them into universal health care, education, pensions, various family-support measures (such as paid parental leave, sick leave, child care, and “kiddie stipends”), housing, and transportation. American detractors have decried this as a “welfare” state, but nothing could be further from the truth. A better name for this system is a “workfare” state, since all of these supports are part of a comprehensive system of institutions geared toward keeping individuals and families healthy, productive, and working. Instructively, this approach was conceived as a *security* revolution, not a socialist revolution, by the *conservative* politicians of western Europe—men like Winston Churchill, France's Jean Monnet and Robert Schuman, and Germany's Konrad Adenauer—following the devastation of two world wars. In the ensuing years, it has contributed greatly to Europe's success, helping to enact a

broadly shared prosperity and to minimize personal risk for individuals and families in an age of globalized capitalism and rising economic insecurity.

*Better health care.* European nations are rated by the World Health Organization as having the best health care systems in the world, spending far less per person for universal coverage and quality results than is spent in the United States. France has the highest-rated health care system, while the United States's is ranked thirty-seventh—just ahead of those of Cuba and Slovenia. Yet contrary to stereotypes, France and numerous other European countries do not use government-run “socialized medicine,” nor do they use a U.S.-style for-profit system. Instead, they have figured out a “third way,” a hybrid with private insurance companies, cost containment, short waiting lists for treatment, and individual choice of doctors, most of whom are in private practice. And, it turns out, this third way is good for European businesses, because it doesn't expose them to the soaring health care costs that have plagued American businesses.

*Readying for global warming.* Europe also has taken the lead in readying its mass economy for the advancing crisis of global warming. The continent's landscape is being transformed slowly by giant high-tech windmills, vast solar arrays, underwater seamills, hydrogen-powered vehicles, “sea snakes,” “wave dragons,” and other remarkable renewable-energy technologies. Europe is implementing conservation and “green” design in everything from skyscrapers to automobiles, trains, lightbulbs, and toilets. In the process, Europeans are creating entire new industries and tens of thousands of new jobs. Consequently, Europe's ecological “footprint” (the amount of the earth's capacity that a population consumes) is about half that of the United States for the same standard of living. The Obama administration has taken badly needed steps in this direction, but its proposals have been timid compared with Europe's innovations.

*Robust democracy.* After centuries of kings and dictators, the European nations have forged political institutions and electoral methods that have resulted in the most advanced representative democracies the modern world has ever seen. European democracies foster inclusiveness, participation, political debate, multiparty representation, and majoritarian policy based on a consensus of viewpoints and broad public support. Their institutions and methods are quite different from the

antiquated, eighteenth-century winner-take-all methods still used in the United States. Europe's robust, consensus-seeking democracies are the single most important reason they have been able to harness their capitalist economy to create such a broadly shared prosperity.

*Multiheaded hydra.* Europe enjoys many of the advantages of a single nation, such as a vast common market of five hundred million people and a single, supranational government led by the European Parliament (representing the second largest democratic electorate in the world, after India). But it also enjoys the advantages of “more heads than one”—having so many powerful nation-states allows each nation to act as a laboratory for the others, learning from one another's successes and shortcomings. In addition, when it's time to cast votes in multilateral organizations such as the United Nations, the World Trade Organization, and other global institutions, Europe suddenly splits into separate countries with over two dozen votes to cast on behalf of the European position, compared with one for the United States, China, or Japan. During the crucial Group of 20 meeting of developed and developing nations in April 2009, which refocused the global response to economic recovery, European nations had over a third of the G-20 seats. Trick question: Who won the most gold medals in the 2008 Olympics, the United States or China? Answer: Europe, and the tally was not even close. The U.S. won thirty-six gold, China won fifty-one gold, but Europe won eighty-six gold. Is Europe a single nation or a union of individual nations? Increasingly the answer is: both. And that duality can provide distinct advantages.

*Innovative foreign policy.* Europe is leading the way not only with some impressive foreign policy accomplishments but also in reevaluating how we define “power” in the twenty-first century. America's aggressive brand of unilateralism and military “hard power” has suffered unexpected setbacks in recent years. But Europe's “smart power,” which is based on multilateral diplomacy and regional networks of trade, investment, and Marshall Plan-like foreign aid that link one-third of the world to the European Union, has produced more concrete results than its critics are willing to admit. For starters, this velvet diplomacy has been instrumental in bringing greater peace, democracy, and prosperity to the former communist countries of eastern and central Europe, as well as to neighbors such as Turkey, Ukraine, and others in its periphery. It also shows the right temperament for slowly nudging

Russia, China, the Middle East, and other hot spots toward rapprochement with the West.

Contrary to its reputation as a military weakling that “punches below its weight,” Europe has the second largest military budget in the world after the United States,<sup>1</sup> with two countries possessing nuclear weapons (France and Britain), over two million European soldiers in uniform (more than the U.S.), and as many boots on the ground in peacekeeping missions around the globe in Afghanistan, Lebanon, Kosovo, Bosnia, the Congo, and elsewhere. But Europe’s real strength is that the European Union has had lots of practice at forging consensus among dozens of players, and that gives it a skill set that is more effective than America’s hard power at bringing large segments of the world together over the many challenges we collectively face in the twenty-first century. Indeed, the top analyst in the U.S. intelligence community wrote a report in September 2008 in which he concluded that U.S. superiority in military power will “be the least significant” asset in the epoch that is unfolding.<sup>2</sup> In an emerging, multipolar world, Europe is transforming our very notions of “effective power.”

In short, the Europe that Americans thought we knew doesn’t exist anymore. Under the decades-long protective umbrella of the Pax Americana, our old transatlantic ally has quietly evolved beyond a mere tourist destination and junior Cold War partner. A distinct European Way has emerged, and it has launched a transformation on five major fronts—the economy, workfare supports and health care, political democracy, energy/transportation, and foreign policy. In the process, Europe is reshaping the world, becoming a global leader that is illuminating the path forward in this make or break twenty-first century.

### THE GLOBAL IMPERATIVE

Europe’s leadership has arrived none too soon. Behind the headlines generated by the global war on terror, economic downturn, and climate change, a gradual shift in geopolitical power has been occurring. *Newsweek* columnist Fareed Zakaria’s *The Post-American World* and other books have chronicled this realignment of power, loyalties, and coalitions. President Bush’s and President Obama’s secretary of defense Robert Gates acknowledged late in 2007 that American primacy is over and the world is suddenly multipolar.<sup>3</sup> The United States is still a mighty power, but more than ever in the post–World War II era we are



now sharing the stage with others, with upstarts pounding on the door. This shift has been a stunning shock to the American system. It wasn't that long ago that Bush administration nationalists and unilateralists who championed the Iraq war were crowing that this was to be a "New American Century."

Instead, a "Made in USA" contagion of toxic financial products based on shaky mortgages spread like a cancer around the globe, bringing the world economic system to the brink. Any nation whose economy was integrated with the U.S. economy was sucked into the vortex, including the European countries, Japan, and China. The resulting economic downturn has caused millions of people all over the world to lose their jobs, their homes, and their future prospects.

In the United States, the wealthiest 1 percent of Americans now earns a greater share of the nation's income than it did in the previous two decades and possibly since 1929, according to the *Wall Street Journal*.<sup>4</sup> Affordable health care and guaranteed pay-out pensions, two of the great foundations of the post-world war social contract and middle-class prosperity, are being methodically deep-sixed by U.S. employers. As American economists Robert Frank and Philip Cook have pointed out, in the age of Wal-Mart and "Chindia,"<sup>5</sup> the lives of millions of breadwinners and their families have been made less secure by the creation of a virtually unlimited global labor pool, which has tended to drive wages, benefits, and quality of life toward the lowest common denominator. By concentrating most economic gains among just a handful of winners, the U.S. development model has dramatically widened the gap between the wealthy and the vast legions of everyone else, consigned to the treadmill of a "winner-take-all society."<sup>6</sup> Combined with America's foreign policy failures, this has caused the U.S. to lose much of its global credibility and, with it, its allure to the world.

President Barack Obama has attempted to make up for lost ground, but his efforts are in their early stages, and success is by no means assured. That's because the world has moved on; the world when George W. Bush left the Oval Office was a very different place than when he entered it. Many aspiring nations today are not quite sure of the best way forward: Is it China's state capitalism and "deliberative dictatorship," or America's deregulated, hyperdrive Wall Street capitalism? Or Russian petro-dollar authoritarianism, or Japanese *zaibatsu* cronyism, or extreme Islamic fundamentalism?

It is into this breach that the European Way has stepped. Considering

this insecure age of globalization and worldwide climate change in which we live, Europe has fashioned the right institutions and practices at the right time. The overarching challenge today is to advance the institutions and practices capable of enacting a desirable quality of life for a burgeoning global population of 6.5 billion people, and to do all that in a way that is ecologically sustainable. That is a tall order to fill, yet it is the defining task of the twenty-first century. The European Way offers great hope because it proposes a coherent system that utilizes a robust capitalist economy to produce the wealth that underwrites both the workfare supports for individuals and families and the technologies that have the potential to make this dynamism ecologically sustainable. And from Europe we see the style of leadership necessary to bring the world together over its many challenges rather than watching nations divide into warring camps over finite resources while the planet's atmosphere overheats. Truly we are all in the same boat now, and the European Way comes closest to manifesting that awareness.

Unfortunately, much of the detail and nuance about Europe has long been missing from American reportage and commentary. In fact most journalists, pundits, and analysts seem to have been infected by patriotism or ideology or both. Just as the American media tragically misreported the reality of Iraq and weapons of mass destruction leading up to the 2003 U.S. invasion, and failed to uncover the housing bubble and impending economic collapse, so have they been misreporting the reality—the totality—of Europe.

### **CHALLENGES TO THE EUROPEAN WAY**

When I first began traveling to Europe for research purposes in the late 1990s, I was trying to understand differences between the political systems and democratic institutions of the United States and Europe. I interviewed all sorts of people: politicians, elected leaders, journalists, bureaucrats, political party leaders, union officials, and business leaders. I also had conversations with shop vendors, business owners, CEOs, taxi drivers, young people, people on buses, in elevators, restaurants, and cafés, in their homes and in the street, sometimes whether they wanted to talk or not. I began to realize it's not only our political systems that are quite different, but most of the other key institutions as well, including economic and corporate structures, health care, pensions and other workfare supports, media, energy, transportation, foreign policy, and more. I began to hear about quintessentially European

institutions and practices with funny-sounding names such as codetermination, works councils, supervisory boards, flexicurity, proportional representation, and more. Europe's institutions had been slowly taking shape during the Cold War years, a fertile incubation period thanks to the Pax Americana.

But recognizing Europe's emerging leadership and America's slip-page is not to say that Europe is some utopian paradise that has reached its "end of history" moment, far from it. Like many other regions of the globe, Europe faces challenges and threats—economic uncertainty, unpredictable energy prices, global climate change, immigration, integration of ethnic minorities, its aging and (in some countries) declining population, geopolitical tensions (with Russia, Central Asia, the Middle East), and competition from Chindia. If Europe fails to navigate those waters it will find its leadership short-lived. And despite the creation of a European "union," the continent is hardly without internal discord. Several failed attempts to enact a constitutional treaty that would bind the E.U. member states even more closely point to the "one step backward" that accompanies their "two steps forward." If it were a symphony, Europe would sound more like the atonal early Bartók than the melodious Beethoven, with a creative tension composed of bickering and dickerings which, if not properly understood, can look and sound like pandemonium to the point of perpetual crisis.

But unmistakably the trajectory of Europe has been steadily upward, toward a greater realization of its unique continental identity. The economic crash of 2008 served to heighten this awareness, as American-style casino capitalism came crashing down while Europe's social capitalism and its safety net kicked into a higher gear to better protect families and workers against the rising floodwaters. Times of crisis can sharpen the mind, both for individuals and for nations; the crisis accentuated fundamental transatlantic differences, opening many eyes to the virtues of the European Way.

Some will object that there is no such thing as a "European Way," since Europe is composed of numerous individual nations that show differences among themselves. Certainly there is some truth to this, with those nations displaying variations in domestic and foreign policies, culture, wealth, democratic development, size, and language, which often correspond to certain basic cleavages: north-south, east-west, Protestant-Catholic, Anglo-Saxon-Continental, pro-U.S.-neutral, and more.

But despite these differences, certain predominant elements and tendencies can be distinguished among all the European countries, especially when compared with the United States. That's because under the cohesive force of the European Union, all member nations must accept some eighty thousand pages of laws, regulations, and directives as a condition of membership. Those eighty thousand pages change a country from the inside out, fostering common fulcrum institutions and making the European Union more than a loose-knit coalition, like NATO, the United Nations, or the pre-Constitution Articles of Confederation. The member states of the E.U. elect a common parliament, have a common executive branch and other continent-wide institutions, and dispense hundreds of billions of euros in development aid to domestic projects. They have similar approaches to their national economies, health care and other workfare supports, energy, transportation, and democracy and generally have bound their destinies together in a way that transcends national sovereignties or geographic borders. While some European nations hew to this "way" more than others, the overall trend line is unmistakably clear. As political scientists Sven Steinmo and Jeffrey Kopstein have observed, the differences between E.U. member nations increasingly are not that much greater "than the differences among Alabama, New York and Minnesota."<sup>7</sup> Considered together, the similarities in their basic fulcrum institutions compose a European Way that is distinct from the American Way.

In this book, my central aim is to describe to my fellow Americans and interested others the essential components of this European phoenix that has arisen from the gray, bitter ashes of horrific war—centuries of it—having learned important lessons about peace, prosperity, and sustainability. I hope in this book to begin a dialogue among my fellow Americans about these portentous changes, since the transatlantic relationship between the United States and Europe has been one of the most important and successful in the post-World War II era. Together, though not always perfectly, America and Europe have advanced a human potential that has flowered in the form of economic opportunity, a vibrant middle class, democracy, human rights, civil society, and dignity and worth of the individual. It has been a transformative partnership, one that has marked a new era in human history. But Americans have failed to recognize that Europe no longer is content to sit in the back seat while America sits up front driving. Europe has something important to share with the world.

In terms of the flow of the book, in chapter 1 I provide an overview of the European Way, outlining its major components, institutions, and practices, as well as a brief history. Then in subsequent chapters I drill down and explore these individual components and institutions in more detail. In chapters 2 through 8, I explore different aspects of what I call Europe's social capitalism—the powerful economic engine and successful industrial strategies that have been deployed to harness capitalism's tremendous wealth-creating capacity; and its comprehensive workfare supports for individuals and families, including universal health care, generous retirement, paid parental leave, free or inexpensive university education, affordable housing, and more. In chapter 6, I delve into the impact of the economic crash of 2008–9 and show how the different governmental and business responses to the crisis were fundamentally a reflection of America's Wall Street capitalism vs. Europe's social capitalism. In chapters 7 and 8, I examine the formal and informal health care systems in several countries, showing how they produce quality health care for all, even as they spend about half of what the United States spends on our broken, patchwork system. Many Americans have heard something about Europe's generous system, but it usually has been derided as “welfare” or “socialism,” and so we Americans have little realization as to the breadth and depth of it or to the economic strategy behind it. Europe's hybrid social capitalism provides important advantages, especially during these times of economic uncertainty.

In chapters 9 and 10, I explore how Europe is leading the world in figuring out how today's mass societies can enjoy prosperity and quality of life in energy efficient, environmentally sustainable, and business-friendly ways by implementing renewable energy technologies and widespread conservation. In chapters 11 and 12, about European foreign policy, I look at how a continent that for centuries was wracked by bloody and bitter war has become a model of economic and political integration for entire regions, turning former combatants into “peace and prosperity” partners. I also look at how this European Way of foreign policy is being applied to the world's hot spots, including Russia, the Middle East, and China. In chapters 13 and 14, I delineate the unique political, media, and communication institutions that form the basis of European Way democracy, which has resulted in the most inclusive, advanced, representative democracies the modern world has ever seen. In chapter 15, we reach back into history, back to the seventeenth and eighteenth centuries and the times of John Locke and the Puritans,

to understand how the present-day gap between the European Way and the American Way is rooted in diverging branches of a common philosophical and Christian heritage, resulting in capitalist Europe striking a new, twenty-first-century balance between individual property rights and the common good, between liberty and equality, and between government regulation and the free market.

Like any model of development, the European Way has its inconsistencies and aspects that do not live up to its own lofty rhetoric and expectations. The continent faces numerous challenges and threats to its future, and in chapters 16 through 18 I examine in detail two of the most significant: on the one hand, immigration, Muslim extremism on the continent, and Europe's mixed success at integrating its ethnic minorities (in chapter 16), as well as the recent civil rights solutions that are being tried (in chapter 17); and on the other (in chapter 18), Europe's aging and (in some countries) declining population, which threatens to destabilize its generous workfare support system.

To illustrate many points in these chapters, I often provide cases and examples from particular countries, which is certain to involve some selectivity and thus influence the portrait presented. Although other examples might present a somewhat different portrait, I have tried to select those cases that I thought were most representative of Europe's current trajectory and to look for examples that contradict it. In a book of this nature, such selectivity is unavoidable since citing examples is how we add to knowledge. While my specific examples, as well as this book in general, will no doubt provoke much argument, my objective is to describe a place, a process, and a development model, not to pronounce the final word.

That's because the future always has the final word, and certainly the most looming question for Europe's future is: Can the European Way last? Given the looming pressures and geopolitical jousting of the twenty-first century, is the European Way with its social capitalism, comprehensive workfare system, ecological sustainability, and international leadership viable over the long term?

The short answer, I believe, is a cautious "yes," and in this book I will endeavor to show why. Today, as one passes through the European port of call, one stands on the threshold of an evolving landscape that, with fits and starts, is emerging slowly into its own global identity, displaying a new approach for a modern mass society that is beginning to influence other nations. That European Way has the potential to lead the planet toward its best possible future in the twenty-first century.

Some have predicted that China, or perhaps India, Brazil, Russia, or Venezuela, by virtue of their large populations or abundant energy resources or both, are destined to rise to global prominence, perhaps even supplanting the United States and Europe. But these are still developing countries with low per capita incomes, low energy productivity, high pollution, and inefficient economies that produce but a fraction of Europe's or the United States's wealth or productive capacity. None of these other countries so far have demonstrated an economic model capable of fostering a middle-class quality of life that can work for vast populations of people. China's growth and evolution since Mao have been most impressive, yet as we will see it remains in essence a subcontractor to the West, wracked by internal contradictions, its leaders lacking the confidence to tolerate even a whisper of public reflection, let alone protest, during the twenty-year anniversary in June 2009 of the Tiananmen Square crackdown. Japan, Australia, New Zealand, and Canada have a large middle class and certainly display exemplary aspects of their national "ways," but compared with Europe or the United States their economies are too small to lead by example. Only Europe has demonstrated how a capitalist economic system can be harnessed for the good of a half billion people and also has the sheer economic muscle to be globally influential.

I know it is difficult for many Americans to believe that the continent that spawned two world wars in the last century and has always seemed to need America to prop it up could somehow be a beacon for humanity's future. Nevertheless, it is true. A visible outline of Europe's impact on the world is emerging, and it looks robust and transformative. The greatest potential for the planet lies with that clanking, conglomerating, cacophonous confederation on the other side of the Atlantic, even with all its faults.

Alexis de Tocqueville, writing in *Democracy in America* in 1835, said, "The greatness of the Americans does not simply consist in their being more enlightened than other nations, but in their being able to repair their faults."<sup>8</sup> One can only hope that Tocqueville's observation is still operational today, in the twenty-first century. Toward that hope I offer this book.



## CONCLUSION

### *The Make or Break Century*

Having lost the comfort of our geographical boundaries,  
we must in effect rediscover what creates the bond between  
humans that constitute a community.

**Jean-Marie Guéhenno,**  
**French diplomat and United Nations official**

I recall the time I sat in the public gallery of the European Parliament in Brussels, observing a heated debate among hundreds of members of the European Parliament (or MEPs, as they are called). It was October 2005, and the MEPs had come from all across the European continent, representing a half billion people. In typical European fashion the debate was being translated simultaneously into twenty-two different languages, including the usual English, French, Italian, Spanish, German, Swedish, and Dutch, but also Magyar, Romani, Maiti, Latvian, and Czech, among others.

The MEPs sat with their headsets on, listening intently to the translations, as one by one they sparred over pressing political and economic issues that, at the time, you would have heard only faint echoes of in the halls of the United States Congress. Yet, once the American economy collapsed three years later in the fall of 2008, dragging the rest of the world into its vortex, these issues suddenly were center stage all across the globe, framed by the following questions: To what extent should a capitalist economy and its core institutions—the banks, the finan-



cial institutions, the corporations—be regulated to maintain stability as well as sufficient economic growth? How do you harness global capitalism so that it not only produces wealth but also contributes to a broadly shared prosperity? How does an economy ensure that employers provide high enough wages and sufficient workfare security so that people can live a good life, but without squashing entrepreneurship and damaging the competitiveness of the economy itself? Finally, how do you make that kind of dynamism ecologically sustainable in a world staring into the face of global climate change, burgeoning populations, and finite natural resources? These and other questions weighed heavily on the minds of the MEPs.

To an unfamiliar American, this debate would have sounded like the age-old one of socialism vs. capitalism, but nothing was further from the truth. As we have seen, all of the various European nations have capitalist economies and vibrant, competitive businesses. But while it's true that free market forces and global trade have lifted millions of people out of poverty, it also is true that in the short term the "creative destruction" of global capitalism produces both winners and losers.

So Europe's parliamentarians knew a lot was at stake; it was as if they were anticipating the crash to come. MEP after MEP stood and delivered with passion, each followed by ripples of applause. This was no idle conversation; the future of Social Europe was wavering in the balance. In fact, the post-World War II consensus—the social contract itself—was in play. I listened to the English translation through my headset, marveling that this continent which had fought two horrific wars in the previous century now was leading the world in debating the best way to enact a peace founded on the three pillars of broadly shared prosperity, economic security, and ecological sustainability. Disagreements abounded, but even the "conservative" MEPs were less conservative than the Democratic Party in the United States, which remained too timid after retaking Congress in the 2006 elections to raise substantive debate about rampant inequality in the United States, a speculative housing bubble, global climate change, or a failing health care system.

Europe's intense debate, which now is occurring all around the world, sheds important light on one of the preeminent challenges of the twenty-first century. The overarching task today is to fashion institutions and practices that are capable of fostering a desirable quality of life for a burgeoning global population of over six billion people. The addition of global climate change—the prospect of an overheating atmosphere, rising sea levels, tumultuous weather patterns, and subsequent mass

dislocation—to the usual mix of geopolitical tensions has resulted in an even greater sense of urgency. If we don't succeed, the future of our world is in jeopardy. We are living in a make or break century.

Unfortunately this sophisticated level of discussion was quite beyond the American conversation during the George W. Bush years, and barely has begun under the Obama administration. But Europeans have been confronting it head on for some time now. As this book has shown, the various nations of Europe and their unique adaptations and institutions have much to offer as we attempt to chart a steady course during an anxious and insecure twenty-first century. Our transatlantic cousins are showing the world a new face, a new way of structuring the economy, work, health care, family values, energy, transportation, democracy, foreign policy, and other crucial sectors that, on balance, augur the best future for the world.

Let's review some of the ground we have covered. We looked at the following five key areas where the European Way is fomenting a quiet revolution.

### **1. SOCIAL CAPITALIST EUROPE**

Europe's social capitalism and workfare system, misnamed a "welfare state" by detractors, is driven by a powerful capitalist economic engine that powers the largest, wealthiest economy in the world, nearly a third of the global economy and almost as large as the economies of the U.S. and China combined. Capitalist Europe has a lot more Fortune 500 companies than the U.S., Japan, or China (179 in Europe vs. 140 in the U.S.), and its national economies are regularly rated among the most competitive in the world. Yet this economic powerhouse also is more responsive to social needs because of numerous countervailing institutions and practices, such as codetermination, supervisory boards, works councils, flexicurity, and effective trade unions. Its capitalist engine has been harnessed to channel its tremendous wealth into funding Europe's comprehensive workfare support system, which includes universal health care, low-cost higher education, adequate retirement pensions, paid parental leave, child care, kiddie stipends, generous vacations, a shorter workweek, paid sick leave, affordable housing, elder care, efficient mass transportation, and more. This social capitalism ensures that Europe's wealth is broadly shared and that families and individuals have the support they need to enjoy healthy and productive lives.

The Euroskeptics' claim that Europe is stuck in a crippled, low-

growth economy, with higher unemployment and higher taxes than Americans experience, turns out to be a stereotype that masks a more complex reality. In normal economic times, Europe's "steady state" economy does not need to grow as fast as America's because Europe is better at spreading its wealth around, while America's economy is substantially more "trickle down." And in any case, the Euro zone's per capita economic growth rate was slightly higher than that of the United States over the ten years prior to 2008.

In terms of unemployment rates, prior to the economic crash of 2008–9, Europe had not been the land of "double digit" unemployment for many years and in fact had been enjoying record low unemployment, contrary to stereotype. After the crash, the U.S. shed many more jobs than Europe did, until unemployment on both sides of the Atlantic became identical. But even beyond the ups and downs of the economy, unemployment rates are affected greatly by what exactly is being measured. For example, unemployment rates don't count those who are in prison, and because the U.S. has an incarceration rate that is seven to ten times higher than the rates of European nations, it means including prisoners would have the effect of increasing the U.S. unemployment rate by about 1.2 percent compared to Europe's. That would have made the true unemployment rates in America and Europe much closer to equal throughout the 2000's; and it means America's unemployment was even higher than Europe's after the crash.

In terms of taxes, it turns out Europeans don't pay any more than most Americans if we factor in the entire tax burden of federal, state, local, real estate, and social security taxes, as well as the out-of-pocket fees, deductibles, premiums, and tuition that Americans pay *in addition to* their taxes in order to receive the same level of workfare supports that Europeans have. Many of the things Europeans receive for their taxes—health care, a university education, a decent retirement, child care, and parental leave, for example—are hardly discretionary; they are necessary in order to enjoy a basic level of security and comfort. But Americans have to pay extra for those services and benefits. In short, when you sum up the total balance sheet you discover that many Americans pay out just as much as Europeans, but we receive a lot less for our money.

The Europeans recognize that, in today's risky world, a middle-class standard of living is not only about income levels but also about adequate workfare supports for individuals and families. That is central to their way of ensuring life, liberty, and the pursuit of happiness.

The sheer breadth and depth of these workfare securities is impressive, especially compared with the miserly system that Americans are used to. Europe's social contract is steeped in the values of fairness, equality, and solidarity, forming the backbone of its considerable economic success. Much more than America, Europe is based on real "family values," and unlike America it is not timid or stingy about spending its wealth to support those values. Indeed, Europe spends at least 25 percent more *per capita* than the U.S. on workfare supports, and three times more on families, according to OECD figures.

In effect, the European workfare support system creates vehicles to help individuals and families better plan for more insecure times in their lives, whether resulting from economic downturn, sickness, disability, old age, or tragic accident. It ensures that people invest in their own future, channeling the funds necessary to pay for the workfare infrastructure that provides a lot more for its middle, working, and poor classes while still maintaining the highest standard of living. And as we have seen, Europe accomplishes all this without undermining its economic competitiveness or the success of its businesses.

## 2. HEALTHY EUROPE

We saw how Europe's formal and informal health care systems produce quality universal care for a lot less money than the United States spends on our patchwork system, which has left forty-seven million Americans without insurance and has neglected tens of millions more. The U.S. is ranked thirty-seventh in the world in health care, while France is ranked first and most European countries are ranked in the top twenty. Yet contrary to stereotype, many successful nations such as Germany, France, Belgium, Switzerland, and others have health care systems that do not use government-run, single payer, or "socialized" medicine. Instead, they have devised clever "shared responsibility" plans that apportion the financing of health care among employers, employees, and the government, all paying a fair share. They mostly use private doctors and hospitals, they have freedom of choice for patients, and they have private insurance companies too, but with two essential differences compared to America: First, these private insurance companies are *nonprofit* organizations. You don't see mammoth health care corporations like UnitedHealth Group, whose CEO is paid a staggering hundred million dollars in annual compensation. Second, they negotiate prices and fees among all the various health care stakeholders, which keeps the costs down, just as Medicare does.

In short, Europe has wrung the profit motive out of health care and produced a less expensive and more efficient system in the process. This in turn is good for European businesses because it does not expose them to the soaring health care costs that have plagued American businesses and created so much bitter strife between business owners and their employees as owners try to push health care costs onto their employees.

Besides this formal health care system, Europe's approach to better health includes an informal sector composed of a vast network of bicycle and walking paths for transportation and exercise, plus features such as "slow food," organic agriculture, saunas, and a culture that prioritizes health. With all these advantages, Europeans, especially in the west, live longer and have better health than Americans.

### 3. SUSTAINABLE EUROPE

We explored the many ways Europe is leading the world in figuring out how today's mass societies can enjoy prosperity and freedom in energy-efficient ways that don't harm our environment and endanger the future. Compared with the United States, Europe is preparing better for the coming low carbon emission society and peak oil transitions. Some of the new renewable energy and transportation technologies deployed in Europe—solar, wind, ocean, hydrogen, biofuels, "sea snakes," electric cars, high-speed trains, and more—seem like something straight out of a sci-fi fantasy. But most European improvements have been more mundane; they are just better ways of boosting energy conservation through more efficiency, better mass transportation, and the incorporation of "green" principles into everything from building design and the size of automobile engines to urban planning and the design of toilets. This in turn has made Europe's "ecological footprint" about half that of the United States for the same standard of living. Not only is this new horizon essential for human survival, it also has been a boon to the European economy, creating jobs and new industries that are poised for expansion as the impacts of global climate change deepen.

### 4. GLOBAL EUROPE

We have seen how a continent that for centuries was wracked by bloody and bitter war has become the leading proponent of a new pragmatic "smart power" approach to peace and sustainable development. This smart power is based on the promotion of regional economic and

political unions, with Marshall Plan–like aid, trade, investment, and development. The European Union itself is the best example of this, with its continent of half a billion people having become a remarkably civil place, where formerly bitter enemies who fought against each other for centuries have become “peace and prosperity” partners. Clustered around the European Union are a host of other countries for whom Europe has become the biggest trading partner. All told, the Eurosphere’s orbit has pulled countries with two billion inhabitants—nearly a third of the world’s population—into concentric rings of economic and political engagement and development.

With America’s “hard power” looking increasingly flat-footed, now Europe has begun applying its principles and methods to hot spots around the world, such as China, the Middle East, Russia, and Central Asia. Time will tell if these latter efforts will bear similar fruit, but lessons learned from Europe’s bloody history have produced not only an outlook that recognizes what’s at stake but also the temperament to bring the many countries of the world together around the challenges of the twenty-first century.

## 5. PLURALIST EUROPE

We examined how the European Way is founded on unique political, media, and communication institutions that have produced the most advanced, representative democracies the modern world has ever seen. As a reaction to its blood-soaked history, Europe has forged institutions and methods that foster inclusiveness, participation, authentic representation, multiparty democracy, and majoritarian policy based on a consensus of viewpoints. These methods include proportional representation electoral systems, public financing of campaigns, free media time for candidates and parties, universal voter registration, Children’s Parliaments, deliberative democracy, and other techniques that foster pluralism and consensus building.

Having multiple parties in their legislatures has ensured that a broad cross section of viewpoints is at the table of political power, participating in the formation of policy. Sometimes the political process can sound like endless bickering, but in the end that debate has produced a broad European consensus that has resulted in a widely shared prosperity. This process has been aided by Europe’s various media and communications institutions, which are centered around a well-financed and robust public broadcasting sector (television and radio), a still vibrant

newspaper industry, as well as widespread, affordable access to speedy broadband Internet. These in turn have produced the most informed public in the world, which helps ensure that a breadth of opinion is represented in the legislatures, which in turn fosters majoritarian policy that enjoys broad public support.

But the United States is plagued by an antiquated winner-take-all system in which most legislative districts—indeed, entire states—have become one-party fiefdoms with little competition or choice for voters. Low-population and usually conservative states receive vastly more representation per capita in the Senate and in presidential elections, and sensible policy proposals with nationwide support get strangled by Senate filibusters led by conservative senators representing a small proportion of the nation's population. Adding insult to injury, the corporate media vets which candidates and issues the public will hear about, the newspaper industry is on shaky ground, and public broadcasting is poorly funded and lacking in visibility or hard-hitting, BBC-like journalism. Any of these factors acting singly would be worrisome toward the goal of robust and representative democracy; combined, they are deadly, acting as a barrier to the enactment of pragmatic and future-oriented policy.

Consequently, Europe's democracies are better adapted than America's democracy for the demands of representation and policy formation in the twenty-first century. Indeed, Europe's thriving, pluralistic, consensus-seeking democracy is the single most important reason Europeans have been able to harness their capitalist economy for the good of all. It has been the foundation for everything else right and good about the European Way. While the various political institutions of the European Union are lacking in the type of relevancy and transparency exhibited by Europe's national democracies, they are relatively new and very much a work in progress. Whatever their shortcomings, they have not prevented Europe from advancing its social capitalism agenda. Indeed, in their own way they have contributed to it.

Properly understood, all these different components that I have just outlined are intricately linked, like different sides of the same cube. These components, and the values inherent in them, have been incorporated into key fulcrum institutions that have been incubating over the last sixty years. The European system is not a nanny or welfare state, as it has been derided by its critics; it truly is a "workfare state"—it's designed for working people and families who form the backbone of this successful system. There is something intriguing and even uplifting

about Europe's ingenious framework for a mass society constructed around a new form of capitalism—what I have called social capitalism—where the steady state economy, the comprehensive workfare supports, and the consensus-seeking democracy function as a single unit, marching in step, to keep as many people as possible productive and enjoying unprecedented levels of economic security and prosperity. Because they have the right democratic institutions to ensure representative government, robust public debate, an informed citizenry, and ultimately policy formation based on a broad consensus of viewpoints, the powerful European economic engine has been harnessed: it produces the wealth that pays for the most advanced human-centered system in the world.

Certainly Europe's prosperity and the funding for its comprehensive workfare supports always are subject to the dips and bumps of the global economic cycle, as they are anywhere, including the United States. No more dramatic example of that was needed than the severe economic crisis that sent the world into a tailspin in the fall of 2008. And it is well known that Europe has its dark underbelly and still has echoes of its ugly fascist past to contend with. As we have seen, the continent faces numerous challenges and threats, including unpredictable energy costs, geopolitical tensions with Russia, Iran, Pakistan, and the Middle East, and competition from low-wage, high-pollution countries such as China and India. Domestically, Europe is trying to cope with integration of its ethnic minorities, immigration, Muslim extremism, and its aging and in some nations declining population. But most national governments have begun enacting various policies to cope with these tensions, tearing a few pages from the 1960s era in the United States. Only time will tell if these efforts let the steam out of the kettle.

No question, at times Europe can look quite messy, lurching from one apparent crisis to another, sometimes resembling a fractious debating society that is more disunited than united. But generally speaking, at the end of the day, Europe gets the job done, and that has been the most salient feature, the most impressive credential, over the past sixty years. Europe has been rising, with innumerable past obstacles and challenges now barely visible in the rearview mirror.

Indeed, comparing Europe with the United States raises fundamental questions: Has America overmilitarized its political economy, becoming the world's RoboCop, spending our nation's bounty on the most powerful war machine in the history of the planet, only to see other



nations surpass us in quality of life for their people? Have we geared American society, our citizens, our politics, and our productive capacity toward vanquishing the enemy abroad, even as we fall behind in the battle at home? Have we deregulated our economy too much, resulting in an economic meltdown of historic proportions, and contributing to vast inequality and increasing economic insecurity for tens of millions of Americans? Have we clung too long to a seventeenth-century conception of individual property rights and laissez-faire government that treats wealthy corporations as private individuals, whose property is protected at the expense of the “general welfare”? While the American Way may have been a useful system for the twentieth century, wracked by two world wars followed by the Cold War, will that militarized, deregulated, hyperdrive economy best serve Americans going forward in the twenty-first century, during an age of increasing economic insecurity and an overheating atmosphere?

The United States and Europe face many of the same challenges today, as do all other nations, but the major difference is that Europe has the right institutions to deal with these challenges, while the United States does not. Europe has the transformative institutions necessary to harness capitalism’s tremendous capacity to produce wealth and foster a more sustainable, fair, and equitable outcome. Social Europe has struck a new, twenty-first-century balance among liberty, equality, property, justice, and solidarity. But in the United States the social contract has become increasingly moth-eaten, stuck to the flypaper of antiquated institutions, ossified beliefs about the “religion of individualism,” and its deregulated Wall Street casino capitalism.

In short, the European Way’s model of development, centered around its finely tuned balance of economic and political power and ecological sustainability, has arrived none too soon in this make or break century.

### THE NEW “CITY ON THE HILL”

During the ten years I traveled back and forth to Europe to research this book, I sometimes had surprising encounters with perfect strangers who, in their own way, led me further down the path of my discoveries. One day I had such an encounter as I was relaxing in a *platz* in Salzburg, Austria, surrounded by leisurely Europeans settled at tables with festive sunbrellas and colorful tablecloths. Accordion music was wafting through the air along with the sounds of glasses clinking, and the sunlight was streaming through the many pints of different-colored

beers and ales, ruby and amber reds, dark rooty browns, and hefeweizen yellows. On this day I was seated in Salzburg's Hagenauerplatz, gazing contemplatively at Mozart's *Geburtshaus*—birthplace—a short distance away, mulling over history, music, the history of music, the wonder of a three-year-old wunderkind playing the harpsichord and composing by the time he was six . . . when my reverie was interrupted by an older, dark-haired gentleman with a Ronald Reagan haircut, slight paunch, big St. Bernard eyes, perhaps in his early sixties.

"American, right?" he said to me in his thick, German-tinged English.

How do they always know, I wondered. I nodded and smiled cordially, hoisting in salute my glass of hefeweizen with a lemon wedge. He was friendly in a gruff sort of way and within minutes had offered his opinions on all manner of subjects. Since this was May 2003, only a few weeks after the U.S. invasion of Baghdad, the conversation soon drifted there. In fact, I had the feeling that's where he had intended it to go all along.

"Who could object to getting rid of Saddam?" he said. "And a half-dozen others like him? But U.S. cannot do it alone. Big mistake."

He puffed on a cigarette with a heavy, curling lower lip. It turned out his name was Matthias. His English was halting but good, and I was later to find out he had learned a lot of his English growing up close to a U.S. military base near Frankfurt, interacting with the soldiers who shopped in his family's store. The conversation soon moved on to other topics, steered by me and my perennial probing of all things European. I was in a philosophical mood, spurred in part by the splendid afternoon, with its sunlight reflecting off the bright yellow of Mozart's house at Number 9 Getreidegasse, and glinting off the fashionable patrons strolling along the bustling alleyway that makes the Hagenauerplatz a great place to people-watch. I tossed Matthias the big question.

What do you think, I asked him, is the main difference between Austrians and Americans?

He kind of laughed, a thick guttural snort. He pulled on his cigarette, his lips gripping the filter, pausing thoughtfully before he responded.

"You know what the difference is, the main difference?" he said. "Between you Americans and Austrians, and Germans and French and Italians too?" He paused dramatically, again drawing heavily on his cigarette.

"As an American, I wonder if you can even imagine what it must be like to live in a country where every person has health care. And a decent retirement. And day care, parental leave, sick leave, education,

vacation, job retraining. For every plumber, carpenter, taxi driver, waitress, executive, sales clerk, scientist, musician, poet, nurse, of all ages, income, race, sex, whatever, not worrying about those basic arrangements. Can you imagine what that is like?"

At first I didn't see where he was going with this. He spoke with such passion to point out the obvious. But then suddenly the lightbulb went on. I had never really thought about it before: what impact does it have on an individual's psyche—and by extension on all of society and our feeling of extended family, which is after all the "sticky glue" that holds us all together—to know that certain basics will always be taken care of because you are a stakeholding *member* of that society, entitled to certain benefits? Certainly it is hard for an American, raised as an atomized individual in the "ownership" (i.e., "on your own") society, to step into the shoes of a European and imagine what that sense of security and support must feel like and how it affects your overall outlook.

Matthias squinted his eyes and nodded his head.

"In America, you are so rich," he said. "Why don't you have these things for your people?"

He stared at me with his big St. Bernard eyes, and I suddenly felt defensive. I searched for a response, muttered something about Americans being against big government. But in truth, I didn't have a good response. I often wondered that same thing myself. But Matthias's next point was even more profound.

"Don't you think this has something to do with why America is so violent?"

My blank stare caused him to laugh.

"Look, when everything is taken care of, don't you see how that decreases each person's anxiety and aggression? And how that has an overall effect on all of society?"

A lightbulb went on again. It made complete sense. All these workfare supports aiding individuals and families would lessen not only inequality but also individual anxiety and aggression and, sure, the anxiety and aggression of the overall society as well. And a society in which more individuals have a stake, an investment in its future, is a society in which nonviolence is logical. A society in which so many are not stuck on the lower rungs, and in which individuals on the middle rungs don't have to constantly scamper so fast up the ladder to maintain their place in the world, is a society that can be built more on cooperation, nonviolence, and solidarity. That psyche becomes the foundation

for a more consensual society instead of the winner-take-all, “if I win, you lose,” dog-eat-dog society we have in the United States.

Not surprisingly, the United States has become plagued by the steady corrosion of its unequal society. Various studies have demonstrated that unequal societies tend to result in more violence, lower levels of trust, less involvement in community life, and more racial and gender discrimination. No wonder the United States is the world’s leader in murders and other violent crimes, suicides, and incarceration rates.<sup>1</sup> We spend more money on constructing prisons than we do on universities. In the United States, violence of all kinds—street violence, domestic violence, entertainment violence, official state-sanctioned military violence—has become a way of life, the sea in which we swim.

Later when I reflected on this conversation, I realized what an epiphany it had been. That’s when it really struck me what a failure the American Way is. Here we are, the lone remaining superpower, the wealthiest nation in the history of the world, with the most powerful military the world has ever seen, and yet we have not figured out how to ensure that the lives of Americans are not so filled with anxiety and fear. Despite all our wealth and military power, for too many Americans there is no security.

Europeans, meanwhile, have a more stress-free attitude that perhaps can be summed up best in one word, a Danish word—*hygge* (pronounced *hooga*)—which describes a relaxed state of conviviality that involves close friendships and family bonds. One American expat who has lived in Denmark for more than thirty years tried to explain the sentiment. “The gist of it is that you are not supposed to have anything to do except let go,” she said, describing a nearly zen timelessness where the present doesn’t worry so much about the future.<sup>2</sup> Wrote another American who had been living in the Netherlands, “To comprehend this system is to enter a different state of mind.”<sup>3</sup>

Matthias crushed out his cigarette, as if to underscore his final words: “Europe has the right system for its people . . . it’s what all nations should strive for . . . to take care of their people. Isn’t that obvious?”

His point had penetrated deeply. He had touched on the core of something important, but my defensive comments only served to absolve the United States of any responsibility for having failed to live up to this European standard. In truth, whether and how to take care of its people is a fundamental choice about values and budget priorities that every society has to grapple with. The fact that we have not yet figured out how to extend things like health care, child care, paid parental leave, adequate

retirement benefits, paid sick leave, sufficient vacation time, and free (or nearly free) university education to tens of millions of Americans is a sign that something is very askew about the American dream. It shows something warped about our idea of “family values.” And when you factor in that Europeans really don’t pay more than Americans to receive all of these benefits—and that only the president, members of Congress and their families, and employees of the most prosperous U.S. businesses receive the full range of European-level workfare supports—the tragedy becomes perverse. Just a fraction of the bloated U.S. military budget would pay for all of this. Why is this so hard? What’s an economy for, anyhow?

Flash forward to February 2008, to a day I was visited by two leaders of Sweden’s Liberal Party, one of the four parties in the governing center-right coalition, which achieved a majority in the 2006 election. They sat in my living room and we had a freewheeling discussion about American politics and the differences between Sweden and the United States. Many Europeans had been following the U.S. presidential primaries with great interest. Barack Obama had generated excitement in Europe, as he had in the United States. One of my Swedish guests remarked about how exciting American politics seemed compared with Sweden’s, since the night before he had watched Obama and Hillary Clinton on TV, slugging it out over the merits of their health care proposals.

“Both of them put forward their views, and there was a passion there, a spark, that often is missing from our politics and our politicians,” complained Per.

But then his brow scrunched up. “Of course, we don’t debate health care in Sweden like you do here, because we already *have* health care. There’s not so much to debate there in any major way.”

His colleague Peter chimed in. “I guess that’s true of most of the political issues you fight about here in the U.S. We in Sweden already *have* what you are still fighting to get. I guess our politicians just don’t have as much to fight over, so compared to you, our politics seem dull.”

“Nothing like lousy politicians and unpopular policies like an expensive war in Iraq to drive up voter interest,” laughed Per.

No question, the political leaders of Europe tend not to be flashy like some American leaders; they don’t have the soaring oratory of Barack Obama, the stirring themes of Ronald Reagan, or the vitality of a JFK—they just get the job done. For decades now, they have made sure that all their countrypeople enjoy a level of economic security that only

a handful of Americans ever achieve. That's something no American president has ever accomplished.

Yet despite Europe's impressive accomplishments, many Europeans don't view themselves as riding some global crest. I have found a fair number of them, especially the Germans and the French, to be prone to excessive bouts of gloominess and pessimism whenever they experience cutbacks in their extremely generous benefits, however slight, rather than counting their remaining blessings. What psychologists know as "loss aversion" makes people more fearful of what they might lose than satisfied with what they have. Nevertheless, the European consensus has coalesced around a broad agreement over the foundations of the European Way. What's left to do is to fine-tune that consensus and incorporate it into the various levels of fulcrum institutions, engaging in what President John F. Kennedy once called the "practical management of a modern economy" in "keeping a great economic machinery moving ahead." That involves adjusting and tinkering with their steady state economy to grow not too fast but not too slowly. That's a rather technocratic, unglamorous job, one fit more for an engineer, a systems designer, or an economist than a charismatic political evangelist. Sure enough, that's how many of Europe's politicians come off, as some kind of bland technocrats, which does not exactly stir the public and leads to much griping about faceless government bureaucrats and their directives.

But those politicians, standing on the mighty shoulders of giants like Monnet, Churchill, and Adenauer, have produced the most successful human-centered system the world has even known. The United States set the original standard, giving birth in the post-World War II era to the middle class and the sunny prospect of an enjoyable life, and people all around the world tried to follow our lead. Now Europe has taken that torch and ascended with it to a new mountaintop. In reaching this pinnacle, Europe has settled many of the questions and doubts that continue to plague the United States, as well as most of the rest of the world. Just as the 1776 generation in America gave birth to an idea, the most innovative and exciting "way" of the late eighteenth and early nineteenth centuries that was chronicled by Tocqueville, Lieber, and others and was destined to spread and revolutionize the world, so too has Europe given birth to a new revolution: the next stage of development for a modern mass society. Europe has been the chief architect of the crucial fulcrum institutions that form the foundation for this new "way," injected with a new understanding of the necessary human-

centered priorities of the twenty-first century. It has set a new standard that now other nations will try and emulate.

In 1970, French intellectual iconoclast Jean-François Revel defied convention and the European left by declaring, “The revolution of the twentieth century will take place in the United States. It is only there that it can happen.”<sup>4</sup> At the time, his polemic raised eyebrows as well as hackles. Now, over thirty years later in the twenty-first century, things have come full circle. The quality-of-life advances in the areas important to most people’s lives are taking place in Europe. Indeed, it is no exaggeration to say that the hope of tens of millions of Americans currently frozen out of the American dream lies in the adoption of an American version of the European Way. It’s not always clear that Europe is even aware of its new leadership role, or wants it or is ready for it; but Europe’s reluctance is part of its appeal, especially compared with America’s messianic impulses and China’s regular bouts of clumsy thuggery. But make no mistake about it, when it comes to finding solutions to the twenty-first-century problems that plague our world—economic insecurity, global climate change, health care, political disenfranchisement, geopolitical posturing, the divide between rich and poor—Europe is the brightest beacon penetrating the chiaroscuro of the storm. In short, *Europe is the new City on the Hill*.

So now, whenever I am in Europe, whether in Paris, Amsterdam, Brussels, Stockholm, London, Rome, Prague, Oslo, Berlin, Vienna, Barcelona, Ljubljana, Budapest, Zagreb, or elsewhere, at some point in my journey I always make a point to stand on a street corner and stop and look around me at all the people milling about. I watch them for a few minutes, take a deep breath, and remembering Matthias’s words, I think to myself, “Everyone I see, all those people walking by, no matter their age, gender, religion, or income, has the right to go to a doctor whenever they are sick. And all those I see have a decent retirement pension waiting for them, and parents can bring their children to day care, or stay home to take care of themselves or their sick loved one, and get paid parental leave and job retraining if they need it, and an affordable university education.” Of course, not every European country, or every region or city within each country, lives up to every aspect of this menu 100 percent of the time, particularly since economic fluctuations will always result in contractions and expansions of the social agenda. That’s to be expected. But all of them, even the poorer countries among them, achieve a far higher level of success than the United States can muster, and the arc of their trajectory is clear.

That is the “concept” of Europe, and you have to admit that’s a pretty wonderful thing, a tremendous act of love and commitment between all of the European peoples and their governments.

As Matthias said that day, sure, we can argue over the future and whether it’s sustainable. And we can continue to debate whether Europeans pay more in taxes or Americans pay less or whether Americans just don’t get as much as Europeans for all the out-of-pocket expenses and taxes we pay. But at the end of the day, the clever Europeans have crafted a pretty amazing and beautiful scene, something that we have not yet figured out how to do in the United States. Their social contract is still vibrant and durable, and that’s worth contemplating as I stand on street corners in Europe, with the memory of Matthias’s words ringing in my ears: “In America, you are so rich—why don’t you have these things for your people?”