

**The diverging positions of the US and the EU
in the globalization process**

The competition between the US and the EU in the international system covers a wide range of policy areas. In the near future that competition process could very likely be concentrated upon the different concepts how the governance of a globalized world could be achieved and guaranteed as the perceptions of this—at least economically—globalized world are differing considerably between the US and the EU. There are obviously also quite a number of common perceptions which do not have to be stressed here. The differences can be traced to the historical experiences of the societies involved, to the level of their economic development and internal governance as well as their experiences as international actors and their success or failure in shaping the international system.

Given the prominence of US actors in the globalization process—from the financial flows to everyday cultural manifestations—the US seems to project its own values and institutional experiences as primary guide lines for a globalized society. European societies, on the contrary, are more likely to believe in a diversity of cultural guide posts and economic development policies and are not easily convinced that there is only one “correct way” how economies should work and how societies should behave.

This difference of perception can be illustrated basically by the differences between the concept of the role of the market and the concept of the role of the state. There is little agreement between the mainstream US and EU thinking to what extent market forces should be the primary and sometimes only forces to shape and govern a globalized world. Since the market seems by definition to favor the strong and the global market so far lacks the “checks and balances” which have been created in many nation states and even in an integration system like the EU with the aim to balance the negative effects of the market, Europeans tend to doubt that a market driven international system will be capable to deal with the problems of a globalized world in the 21st century.

Such different perceptions about the role of the market are intrinsically linked to the wide differences which exist between the

US and the EU about the role of the state. For continental Europe the concept of the market economy was always based upon the concept of a well functioning state, whose powers of creating the conditions in which the market forces have to operate and whose powers of sanctions in case of failure to do so upon commonly agreed rules were accepted by all. To a certain degree this concept has been transferred or is in the process of being transferred to the EU institutions to guarantee the functioning of the “single market”. The US concept, to the contrary, seems to be strongly identified with a concept of self regulation among the market participants and therefore normally shies away from empowering the state—or an integration process—with all the necessary instruments of a regulator or arbiter of society’s interest.

Aside from conflict solution mechanisms there seems to be very few elements of more importance to the structure of a globalized international system than the concept of the market and the state and what their role should be in it. To demonstrate the wide implications those differences of perceptions between the US and the EU might have it might be useful to look at three areas which have increasingly dominated the transatlantic agenda with regard to the need to identify new rules for the globalization process.

The role of trade

In the last few years the US has increasingly defined foreign policy as being mainly foreign trade policy. There can be hardly a clearer expression of the importance of trade for the US national interest than this one. Such decisions have not been driven only by preoccupations with the trade deficit but also with regard to the preservation or creation of jobs. Given such a priority it became paramount for the US to create a common rule based system for market access. Either on the multilateral level through WTO or the bilateral level, by creating free trade areas based on a “hub and spoke system”, which obviously favors the US as the largest national economy. While the EU agrees with the thrust of this strategy it has found that many effects of it are counterproductive with its concept of trade given that the EU is by far the largest trader in the world. The US concept of reducing states subventions not only in the production process but also in services is seen as quite negative by many EU member states. The

same has to be said about the non acceptance by the US of EU's concept of the multifunctional nature of the European agriculture. The strong pressure by the US to reduce non tariff barriers, which are often interpreted non only unilaterally but also politically (genetic modified products), has created quite a number of transatlantic conflicts, which are likely to increase given that the consumer behavior and awareness seem to be another sign of difference between the US and the EU.

The role of culture

To what extent the market should also be the judge about quality and quantity of cultural production has become an important issue in the transatlantic relations since the European tradition to subsidize theater productions, films and concerts among other cultural activities, has been criticized strongly by the US, who feels that such state subventions are infringing on the market success of its TV, music and film products in the European market. If it would be possible to regulate cultural production in Europe only by competition policy seems to most member states very doubtful. A similar conflict of interest seems to be in the making since the US strive to declare education as a commercial good and have it included on the long list of items which should be freed of state subvention, even though such a development is in the US itself controversial, it may lead in the future to a similar defense from the EU side as in the case of agriculture by declaring education as multifunctional! A further element of irritation is the very advance discussion between the EU and the US about the concept of intellectual copyright where the EU does not want to go as far as to include many natural derived products into such a system.

The role of developing countries

Already the terminology seems to be different between the US and the EU when it comes to the developing countries. In the US there seems to be a preference to call the economically interesting ones—emerging markets—while in Europe the common characteristics of what used to be called the Third World is seen in their developing needs and efforts and also their status as societies in

transition. There seems to be very little agreement between the EU, whose is the largest aid giver in the world and the US with regard to the recipes for integrating the developing countries better in the international system. The US concept of "trade not aid" has never been fully accepted within the EU because of severe doubts about the trickle down effects of trade in the developing countries. Given that the globalization process tends to reduce the sovereignty of the weak states in the international system even further, there is much more interest from the EU for building economic and political partnership, preferably with groups of states, in the developing world than the EU seems to have. The difference of opinion can also be felt with regard to the necessity to include leading developing countries in the G-8 and to give them more weight in the international financial institutions. This seems to be especially important, since the new financial architecture which has to be designed should have special provisions to avoid similar crises as they have previously affected mainly the developing countries.

Since the globalization process will benefit probably the US and the EU on the average more than other parts of the international system, there seems to be an urgent need to create a more effective transatlantic dialogue on the basis of accepting differences of perception between the two principal economic actors. If no better cooperation can be established through finding compromise solutions, the negative effects will be felt in the entire globalization process and certainly weaken the influence of the US and the EU in the international system.