The American era appears to be alive and well. The U.S. economy is more than twice the size of the next biggest—Japan's—and the United States spends more on defense than the world's other major powers combined. China is regularly identified as America's next challenger, but it is decades away from entering the top ranks. The terrorist attacks in New York and Washington certainly punctured the sense of security that arose from the end of the Cold War and the triumph of the West, but they have done little to compromise U.S. hegemony. Indeed, they have reawakened America's appetite for global engagement. At least for the foreseeable future, the United States will continue to enjoy primacy, taking on Islamic terrorism even as it keeps a watchful eye on China.

That encapsulates the conventional wisdom—and it is woefully off the mark. Not only is American primacy far less durable than it appears, but it is already beginning to diminish. And the rising challenger is not China or the Islamic world but the European Union, an emerging polity that is in the process of marshaling the impressive resources and historical ambitions of Europe's separate nation-states.

The EU's annual economic output has reached about $8 trillion, compared with America's $10 trillion, and the euro will soon threaten the dollar's global dominance. Europe is strengthening its collective consciousness and character and forging a clearer sense of interests and values that are quite distinct from those of the United States. The EU's member states are debating the adoption of a Europe-wide constitution (a move favored by two thirds of the union's population), building armed forces capable of operating independently of the U.S. military, and striving to project a single voice in the diplomatic arena. As the EU fortifies its governmental institutions and takes in new members (Poland, Hungary, the Czech Republic, and at least four other countries are expected to join in 2004), it will become a formidable counterweight to the United States on the world stage. The transatlantic rivalry that has already begun will inevitably intensify. Centers of power by their nature compete for position, influence, and prestige.

The coming clash between the United States and the European Union will doubtless bear little resemblance to the all-consuming standoff of the Cold War. Although military confrontation
remains a remote prospect, however, U.S.-EU competition will extend far beyond the realm of trade. The U.S. Federal Reserve and the European Central Bank are destined to vie for control of the international monetary system. Washington and Brussels will just as likely lock horns over the Middle East. Europe will resist rather than backstop U.S. leadership, perhaps paralyzing the World Bank, the United Nations, and other institutions that since World War II have relied on transatlantic cooperation to function effectively. An ascendant EU will surely test its muscle against America, especially if the unilateralist bent in U.S. foreign policy continues. A once united West appears well on its way to separating into competing halves.

For the moment America remains largely oblivious to the challenges posed by a rising Europe. Policymakers in Washington tend to view the EU as at best an impressive trade bloc, and at worst a collection of feckless allies that regularly complain about America's heavy hand even as they do little to bear the burdens of common defense. Moreover, most American foreign-policy experts presume that were the EU to realize its full potential as a political and economic power, the geopolitical consequences would be minimal: amity among the Atlantic democracies has been a well-entrenched fact of life, an apparently unalterable product of shared history and values. That the EU and the United States might part ways would seem to border on the unthinkable.

These presumptions are dangerous illusions. To be sure, Europe is not a centralized federation, and its integration is proceeding in fits and starts. But political entities that take shape by stitching together previously separate states always emerge tentatively. The United States began as a loose confederation in 1781. After that formula proved too weak to sustain the Union, America opted for a tighter federation in 1789. It then took roughly a hundred years—not to mention a bloody civil war—for the Union to strengthen its governing bodies, nurture a national identity that transcended state loyalties, and project a geopolitical voice beyond its neighborhood. Europe has been working at political union for about five decades—and faces many hurdles in the years ahead. But the EU is already coming of age as a collective force; it is on, if not well ahead of, schedule.

History also provides ample warning of the trouble likely to accompany a division such as the one that the West is now starting to experience. Consider the fate of the Roman Empire after Diocletian decided, at the end of the third century, to split the realm into eastern and western halves, leading to the establishment of a second capital, in Byzantium—which Constantine elected to rename Constantinople in 324. Despite their shared heritage, Rome and Constantinople became rivals: a common religion fell prey to lasting disputes over authority and doctrine, and imperial unity gave way to bloodshed and the demise of Roman rule.

As Byzantium did with Rome when it separated from its former overseer, the EU is making a run at the United States. And just as the Byzantines and the Romans parted ways over values and interests, so have the Europeans and the Americans. The two sides of the Atlantic follow different social models. Despite recent deregulation across Europe, America's laissez-faire capitalism still contrasts sharply with Europe's more centralized approach. Whereas Americans decry the constraints on growth that stem from the European model, Europeans look askance at America's income inequalities, its consumerism, and its readiness to sacrifice social capital for material gain.

The two have also parted company on matters of statecraft. Americans still live by the rules of realpolitik, viewing military threat, coercion, and war as essential tools of diplomacy. In contrast, Europeans by and large have spent the past fifty years trying to tame international
politics, setting aside guns in favor of the rule of law. On July 1, while the EU was celebrating the launch of the International Criminal Court, the Bush Administration was announcing its intention to withdraw U.S. forces from Bosnia unless they were granted immunity from the court's jurisdiction. Europeans see America's reliance on the use of force as simplistic, self-serving, and a product of its excessive power; Americans see the EU's firm commitment to multilateral institutions as naive, self-righteous, and a product of its military weakness.

Americans and Europeans still enjoy an affinity arising from historical ties and democratic traditions. But even this is wearing thin. As a multi-ethnic immigrant nation, America has begun to wonder about a Europe that remains hostile to immigrants despite its shrinking population, and that falls prey to bouts of intolerance and anti-Semitism. Europeans, in turn, take a dim view of an America wedded to gun ownership and capital punishment. At root, America and Europe are driven by different political cultures. And the cultural distance appears to be widening, not closing, putting the two sides of the Atlantic on diverging social paths.

As the EU continues to rise, its economic and political interests are likely to collide frequently with those of the United States, intensifying the ill will. Airbus recently surpassed Boeing as the world's leading supplier of commercial aircraft, and Nokia is the top producer of cell phones; they are only two of many European companies that are now besting their U.S. competitors. In 2000 Britain and France each ranked ahead of the United States in the value of corporate international acquisitions. German companies have been expanding as well; in 1998 Bertelsmann bought Random House and Daimler-Benz bought Chrysler. Much of the investment capital that buoyed the U.S. economy in the 1990s has lately been heading to the other side of the Atlantic, enabling the euro to gain ground against the dollar and increasing the likelihood that the EU will soon enjoy substantial increases in productivity and growth.

These economic successes are impressive in their own right, but there is more to them than meets the eye. From the outset European economic integration has been a daring experiment aimed at politically binding together the Continent's long-warring nations. And the intended effects are now visible. Driving across the border from Germany to France is like driving from Virginia to Maryland: no passport control, no customs, no currency exchange. The EU in 1999 appointed its first foreign-policy chief, who has been busy overseeing the creation of the union's new military forces even as he pursues diplomatic agendas in the Balkans, the Middle East, and other trouble spots. And the union decided earlier this year to construct its own satellite network, called Galileo—a move that will reduce European reliance on U.S. technology. All these initiatives enjoy strong public support, with more than 70 percent of Europe's citizens favoring, for example, a single security policy for the EU as a whole.

Even if the EU makes good on its military plans, its defense capabilities will admittedly be modest compared with those of the United States. Its members are uninterested in projecting military power globally (not least for the costs associated with doing so). Accordingly, a division of labor is emerging, in which the EU manages Europe's security while U.S. forces focus on the rest of the world. This is not a recipe for a face-off between titans, but it does spell the end of Europe's deference to its American protector and the potential unraveling of NATO.

Britain's decision to enhance its leadership role in Europe is moving the EU more quickly toward self-reliance. London for years kept its distance from the Continent, but Prime
Minister Tony Blair has altered course, orchestrating the EU's push on the defense front and working to take his country into the euro zone. "We must be wholehearted, not halfhearted, partners in Europe," Blair told Britons late last year, warning them that "Britain has no economic future outside Europe." Similarly, Germany's growing comfort with leadership is strengthening the union's political will. As part of its postwar policy of reassurance and reconciliation, Bonn for decades treaded lightly on diplomacy and defense. Since 1999, however, when the seat of government moved back to Berlin, symbolizing a renewed self-confidence, Germany has been actively guiding the EU's evolution, marking out a pathway for building a federal Europe.

This new enthusiasm for Europe's collective enterprise is partly a product of domestic politics. For most of the postwar era, politicians sold integration to their constituents by arguing that it offered the only way for Europe to escape its bloody past. But the younger generation of Europeans has lived through neither World War II nor the Cold War, and therefore has no past from which to escape. As a result, a new political discourse is emerging—one that sees integration as a vehicle for enhancing Europe's power and achieving, rather than checking, international ambitions.

The French used to be alone in looking to the EU as a counterpoise to America, but the other members have now joined in. Tony Blair has asserted, "Whatever its origin, Europe today is no longer just about peace. It is about projecting collective power." Germany's Chancellor Gerhard Schröder called for a "more integrated and enlarged Europe" to offset U.S. hegemony. According to Romano Prodi, the President of the European Commission, the EU's executive body, one of the chief goals of the union is to create "a superpower on the European continent that stands equal to the United States." Göran Persson, the Prime Minister of Sweden, a country that long ago renounced power politics, recently remarked that the EU is "one of the few institutions we can develop as a balance to U.S. world domination."

The Bush Administration, like the Clinton Administration before it, has been none too pleased about Europe's growing assertiveness, but Washington's dismissive attitude toward the EU up to now has only strengthened Europe's resolve. Bush's penchant for unilateralism, in particular, has provoked European pique. As Bush backs away from the Kyoto Protocol on global warming, withdraws from the Anti-Ballistic Missile Treaty, and distances the United States from a host of multilateral institutions, Europe grows ever more convinced that it must both challenge America and chart its own course.

After September 11 Europeans hoped that an America confronted with the threat of terrorism might rediscover the virtues of multilateralism. But soon Bush was unilaterally declaring Iraq, Iran, and North Korea an "axis of evil" and indicating that he intended to topple Saddam Hussein with or without the approval of U.S. allies. Germany's Foreign Minister Joschka Fischer then cautioned Washington that "alliance partners are not satellites." The Berliner Zeitung lamented that far from renouncing its go-it-alone ways, the United States had "used the opportunity to strengthen its selfish superpower position." "Never has a president of the United States been so foreign to us," the newspaper proclaimed in an editorial, "and never have German citizens been so skeptical about the policies of their most powerful of allies." With America and Europe squabbling over the sources of terrorism as well as how best to fight it, this new threat promises to exacerbate rather than repair the widening transatlantic divide.

The consequences of the growing rift between the United States and Europe are only just
becoming apparent. The two sharply disagree on the Middle East: the EU opposes both America's steady support of Israel and its insistence on isolating, rather than engaging, Iraq and Iran. Trade disputes are heating up, especially over steel and agriculture. Despite America's defection from the Kyoto Protocol, the EU moved forward with more than a hundred countries participating, leaving Washington a lonely and, from all appearances, an environmentally irresponsible bystander. Last year EU member states took the lead in voting the United States off two UN commissions—payback for America's unilateral ways.

As Europe increasingly holds its own and the United States continues to shrug off compromise, the international institutions that have helped to promote peace and prosperity since World War II will inevitably falter. As the EU enlarges eastward, it will come to dominate the geopolitics of Eurasia, gradually replacing America as the arbiter of the globe's strategic heartland. As capital flows to Europe and a rising euro competes with the dollar as a reserve currency, the monetary stability of recent decades will give way to a self-interested jockeying more reminiscent of the 1930s. The order that has come with a single captain at the helm will be no more.

History is coming full circle. After breaking away from the British Empire, the United States came together as a unitary federation, emerged as a leading nation, and eventually eclipsed Europe's Great Powers. It is now Europe's turn to ascend and break away from an America that refuses to surrender its privileges of primacy.

Europe will inevitably rise up as America's principal competitor. Should Washington and Brussels begin to recognize the dangers of the growing gulf between them, they may be able to contain their budding rivalry. Should they fail, however, to prepare for life after Pax Americana, they will ensure that the coming clash of civilizations will be not between the West and the rest but within a West divided against itself.