

# The Transatlantic Clash over Political Economy and Fulcrum Institutions



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**W**HILE THE UNITED States and Europe share much in common, they also exhibit basic differences, an ‘American Way’ and a ‘European Way,’ that are diverging and had been leading to frequent clashes even before the UN. rift over Iraq. In a globalised capitalist world, where all nations are seeking models of development that allow ‘life, liberty and the pursuit of happiness’ for its people, this clash within the West is every bit as elemental as the clash with Arab-Islam because it is multi-dimensional – economic, political, social, and international in scope. Few in the world wish to emulate the ‘Arab-Muslim way,’ which is synonymous with poverty, authoritarianism, and religious intolerance, but all nations, even Muslim nations, desire the wealth of the United States and Europe. Thus, this clash between the American

Way and the European Way is about the future direction over the best development model for the world.

With American politics engulfed in recent years by a free-wheeling, free market, Texas-style economic fundamentalism that has led to increases in inequality and economic insecurity for many Americans, Europe has emerged more and more as what British author Will Hutton has called an international countervailing force – a mainstay of ‘social capitalism,’ that has tried to harness capitalism’s extraordinary ability to create wealth so that it better supports families and workers, and creates a more broadly shared prosperity and economic security.

In addition, while America remains locked into a foreign policy determined by the oil chieftains in the White House and their increasingly desperate bids to acquire oil, Europe has taken the lead in trying to figure out how mass societies can deal with global climate change, develop alternative energies and reduce their ecological footprint. Europe also has introduced a new type of leadership for a global superpower, one based less on militaristic bluster and more on economic networks and multilateral institu-

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tions that foster development for poorer countries and security for the world.

When you bundle all this together, what it adds up to are two distinct versions of advanced political economies, which in turn are creating two diverging types of post-industrial mass societies. While it's possible to stress what Europe and America have in common, in other ways what the world is witnessing is akin to two separately evolving lines of hominids which, while they appear at the moment to look similar, upon closer inspection have branched off into different habits, behaviours, colorations, reactions, and social organisation, and are leaving tracks that are strongly diverging. It behoves us to approach this divergence a bit anthropologically, just as the Leakey's approached their endeavours in Olduvai Gorge, so that we can better understand not only the present circumstances but our future trajectory.

### **The American Way versus the European Way**

By many estimates the United States, despite being the world's lone remaining superpower, is more unequal than at any time since the Great Depression. Indeed, it's the most unequal society in the advanced democratic world today, with that inequality having glaring racial/ethnic, age, and gender dimensions. The poverty rate has increased to 37 million people (13 percent of the population)<sup>1</sup>, child poverty is nearly 22 percent and elderly poverty nearly 25 percent, the highest by far in the Western world with the exceptions of Russia

and Mexico.<sup>2</sup> Despite being the richest individual nation on the planet, the US suffers from higher rates of poverty, homelessness, infant mortality, lower life expectancy, homicide, and HIV infection than other advanced democracies. It spends more per student on K-12 education than almost all other modern democracies, yet its students perform near the bottom on international tests. American analyst Ted Halstead has written, 'Our performance on many social indicators is so poor, that an outsider looking at these numbers alone might conclude that we were a developing nation.'

European nations, on the other hand, score at the top on all these social and health indicators, and it's no secret why: even with recent cutbacks, Europeans still enjoy universal health care for all, generous retirement pensions, an average of five weeks paid vacation, more holidays, paid sick leave, paid parental leave, affordable childcare, low-cost higher education, and a shorter work week with comparable wages for their workers. Social spending in Europe runs some 50 percent above that in the United States. European health and safety laws are geared more toward helping workers and communities instead of protecting the bottom line of corporations; its environmental laws aim to preserve air and water instead of defining the 'acceptable levels' of corporate transgression, like the Bush Administration's Kafkaesque episode over allowable arsenic levels in public drinking water.

The typical knock against Europe has been that these levels of support for workers, fam-

ilies, communities and the environment have an unfortunate downside: they allegedly have made the European economies 'sclerotic,' likened to a sick old man. However, this has turned out to be an unsubstantiated stereotype, in reality the European economies have flourished. Between 2000 and 2005, when Europe supposedly was going downhill, it turns out the 15 original nations of the EU saw per capita economic growth rates equal to the United States (surpassing the US in late 2006), added jobs at a faster rate,<sup>3</sup> had a much lower budget deficit, and now Europe is posting higher productivity growth than America<sup>4</sup> and a \$3 billion trade surplus. In late 2007, the EU overtook the US as China's largest trading partner, and in recent years it has been an investment magnet with stock market returns outperforming those in the US<sup>5</sup> The United States, meanwhile, teeters on the edge of recession, struggling with declining productivity growth, a sagging housing market and a staggering trade deficit that has leading economists worried.

With only 7 percent of the population, the European Union engine produces nearly 30% of the world's economy, a gargantuan-sized commercial crossroads of approximately \$15.2 trillion GDP, the largest economy in the world. If we add in the affiliated nations of Norway, Switzerland and Turkey, that brings the 'EU Plus' to over \$16 trillion, a third of the world's economy.<sup>6</sup> The United States has a smaller economy, \$13.9 trillion GDP, or 27 percent of the world, Japan is smaller still

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with 9 percent of the world’s economy, and despite all the hype, China is still an economic dwarf, accounting for less than 6 percent of the world’s economy. Europe’s economy hardly sounds like one that is ‘sclerotic’ or a ‘sick old man.’<sup>7</sup>

Europeans have harnessed their economic engine to create wealth that is broadly distributed. Properly understood, Europe’s economy and social system are two halves of a well-designed ‘social capitalism’ – an ingenious framework in which the economy finances the social system to support families and employees in an age of globalised capitalism that threatens to turn us all into internationally disposable workers. In that sense, Europe is more of a ‘workfare state’ than a welfare state, as it has been derided in America. Even the continent’s conservative political leaders agree that this is the best way. That is the European consensus, and it is fundamentally different from the American consensus.

This divergence between the American and European consensus is not a mere coincidence. It is a direct result of basic differences in key political, economic and media/communication institutions and infrastructure that have been quietly incubating

and developing in the post-World War II period. Taken together these differences in ‘fulcrum institutions’ – the crucial institutions on which everything else pivots – are the keys to understanding the striking divergence between the European way and the American way.

### **Representative Democracy, Version 2.0**

*Fulcrum #1: Political institutions.* Any visitor to the German *Bundestag* during parliamentary proceedings can see there are several aisles and five to six sections, in each one sitting a different political party. But when you visit the chamber of the US House of Representatives, it is plain to see that there are two sides in that chamber, a left and a right – Democrats on one side, Republicans on the other – with an aisle, a dividing line, down the middle. The American people, with its vast array of ethnicities, religions, languages, geographic regions, political philosophies, websites, jazzy urban centres and climate zones, is dazzlingly diverse, but with only two electoral choices, the free marketplace apparently has spread everywhere except to America’s politics.

The US House of Representatives, called The

People’s House, unfortunately doesn’t look very much like ‘the people.’ Those filling the chairs are 83 percent white and 84 percent male in a country that is 70 percent white and majority female. There are also a lot of lawyers and businessmen filling the seats, about three-fourths of the House membership, and a plurality of millionaires.<sup>8</sup> The United States Senate is even worse in that regard, of 100 Senators there are only six Hispanics, blacks or Asian Americans, 16 women, and even greater income disparities between the Senators and their voters. A famous 19th-century aphorism said, ‘It is harder for a poor man to enter the United States Senate than for a rich man to enter Heaven,’ and things hardly seem different today.

But in the *Bundestag* there are five political parties represented today, a broad spectrum of public opinion occupying the chairs of the national legislature. In addition, 32% of Germany’s national representatives are women, including the first ever female head of government, Chancellor Angela Merkel. There even have been a few 20-somethings elected to the parliament in Germany, as well as other European governments, but nothing like that ever occurs in the US. The average age of representatives in Germany’s *Bundestag* is 49 years old, compared to 57 in the US.<sup>9</sup>

It is pretty hard for a nation, especially one as diverse as America, to reach a consensus on the pressing issues of our times when so much of the nation is not seated at the table of political power. The comprehensive social supports for fam-

ilies and workers available in European democracies, as well as the proactive policies enacted to tackle global climate change, hardly even receive a debate in the US Congress. In the run-up to the Iraq invasion in early 2003, there was no anti-war party or even one casting a discerning eye on the manipulated evidence put forward by the Bush administration. Without a multiparty democracy where all significant points of view are represented, political debate in the US has become stunted and constrained along increasingly narrow lines in which the best interests of the American people are not well-represented.

So the presence of a multiparty democracy is crucial. Why, then, does Europe enjoy multiparty democracy while America does not? The answer is simple: Europe uses more modern political institutions than the US, including proportional representation electoral systems, public financing of campaigns, free media time for candidates and parties, and robust public broadcasting. The United States has none of these, relying instead on political institutions that for the most part are still rooted in their 18th century origins.

For example, the US continues to be one of the last remaining advanced democracies to use a geographic-based electoral system which elects representatives one district seat at a time. In the modern era, this 'winner-take-all' system, as it is called, has produced a stark landscape of legislative districts that are little more than one-party fiefdoms. Typically three-fourths of US House races are won by lopsided landslide margins, and over 90 percent by non-compet-

itive 10 point margins. State legislatures are even worse. The winner-take-all system turns whole regions and even entire states into one – party fiefdoms where one side wins and all other points of view go unrepresented – that's why it is called 'winner-take-all.' The fact is, most American voters do not even need to show up on election day, they have been rendered superfluous, and it's not due to partisan redistricting or campaign finance inequities, the usual reasons cited. New research shows that in most states partisan residential patterns are even more influential in deciding election outcomes. Liberals and conservatives are living in their own demographic clusters, i.e. liberals dominating in cities and conservatives in rural areas and many suburbs, and most districts are branded either Republican red or Democratic blue before the partisan line drawers sit down at their computers and draw their squiggly lines. There is little that independent redistricting commissions can do to change this, due to the partisan demographics and regional balkanisation. It is a by-product of where people live, demography has become destiny.

Given America's winner-take-all politics, multiparty democracy is impossible, and that has additional repercussions. It is hardly surprising that voter turnout in the US is one of the lowest in the world among established democracies, since for the tens of millions of orphaned voters living in balkanised regions and lopsided districts, there is literally nothing to vote for. Only 41 percent of eligible adults voted in the 2006

congressional elections, and barely a majority in the 2000 presidential election that elected George W. Bush.<sup>10</sup> Currently voter turnout in the United States is 139th in the world, trailing Uganda and Morocco in the world's rankings.<sup>11</sup>

But it is not just elections to the US Congress that are hurting American democracy. US presidential elections suffer from similar problems as the House and Senate – a geographic based system with a stark lack of competition in nearly all states, as well as regional balkanisation. As we saw in 2000 and 2004, this has produced a presidential election decided by small swathes of undecided swing voters in a handful of battleground states, notoriously led by Florida and Ohio. The vast majority of voters lives in locked-up states and experiences the presidential election as spectators watching a football game from the 142nd row bleachers. What is supposed to be the premier 'national' election is anything but. In reality, whichever candidate can fool a small minority of swing voters in just a handful of swing states with bumper sticker slogans like 'compassionate conservative' or 'New Democrat' the last week of the campaign wins the presidency, a process *New York Times* critic Frank Rich has accurately called 'survival of the fakest.'<sup>12</sup>

Differential treatment based on where one lives is a recurring theme in America's 18th century political system. Both the Senate and Electoral College are structured to give low-population, predominantly rural states more representation per capita than higher population states. Political scientists Francis Lee and Bruce Oppenheimer

have shown that giving two Senators to each state, regardless of population, has had the effect of disproportionately favouring the low-population states when it comes to representation, policy, federal spending, even leadership positions in the Senate.<sup>13</sup> And because these states tend to be the most conservative in the country that representation quota has over-represented the Republican Party in the Senate in most elections since 1958.<sup>14</sup> This 'representation subsidy' for low population, conservative states goes a long way toward explaining why America has fallen behind Europe in so many categories. It is like having a foot race where one side starts 20 yards ahead of the other. In America's winner-take-all system, where one side wins and all other sides lose with little attempt at achieving consensus, conservative politics has been able to win an undeserved and disproportionate share of power, and lead America in directions that are unsupported by a majority of Americans.

In Europe, on the other hand, proportional representation electoral systems have produced more electoral competition, higher participation rates and more responsive governments. Political parties from across the political spectrum are able to compete for voters' sympathies and to win their proportionate share of seats in the legislatures. Under PR, as it is sometimes called, a political party receiving 10% of the popular vote wins 10% of the legislative seats, instead of nothing; and another political party winning 60% of the vote wins 60% of the seats, instead of everything.<sup>15</sup>

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Representatives are elected by multi-seat districts instead of one-seat districts, where conservatives can win seats in the liberal/progressive areas and liberals/progressives can win representation in conservative areas, drastically reducing regional balkanisation. Minor parties and independent candidates can win their fair share of representation too. They function as the 'laboratories for new ideas,' and their participation allows a dynamic conversation between the dominant mainstream parties and the junior parties, between the centre and the flanks of the political spectrum. More voters actually have something to vote for, and it is no surprise that Europe's multiparty democracies lead the world in voter turnout.<sup>16</sup> A much fuller marketplace of political choices in turn have fostered more spirited debate of major issues and increased voter engagement to a degree that has been impossible in the United States, with its two-party duopoly and regional balkanisation.

Besides the widespread use of proportional representation, European democracies foster multiparty democracy in other ways. In the 18th century, Thomas Jefferson wrote, 'Whenever the people are well-informed, they can be trusted with their own government,'<sup>17</sup>

and things are hardly different today. Three types of communication infrastructure are necessary in the modern age to foster a vigorous democracy: public financing of campaigns, free media time for candidates, and a robust public broadcasting sector that acts as a counterweight to the profit-driven corporate media. Of alarming note, the United States has none of these to speak of, Europe has a cornucopia of all three.

Europe gives free air time to parties and candidates and awards publicly funded campaign financing to all political parties that achieve a minimum threshold of the vote, typically 1% or so. Giving public money to a party, especially one with so few votes, is alien to the American way of thinking. But Europe endeavours to encourage political debate and discussion of ideas as part of its consensus-seeking process, while in the US the Democrats and Republicans have a duopoly that they wish to preserve. Public financing helps open up the playing field by providing all candidates and parties with sufficient resources to communicate with voters, and this in turn foments real campaign debate, giving voters enough information to make a good decision in the voter's booth.

*Fulcrum #2: Media/ communication institutions.* The various media institutions in Europe also differ substantially from those in the United States, with dramatic consequences. In the absence of public financing or free air time, running for higher office in the US is extremely expensive and the corporate media has become an arbiter of candidates' viability. But in Europe, more politically diverse media and communication outlets have fostered a pluralism of public opinion, debate, and analysis that has implanted itself not only in campaigns and in the legislatures, but also in the general news reportage between elections. Europe enjoys the benefits of more robust public television and radio networks, as well as numerous daily newspapers with editorial slants from the right to the left to the centre. Many newspapers are subsidised by the government or receive special postal rates, while the public broadcasting is much more generously funded to the tune of \$50-90 per capita in Sweden, Germany and Britain. In the US, public broadcasting receives about three dollars per capita, a pathetic pittance in comparison.<sup>18</sup>

Nearly as important as the level of funding is the mechanism of public funding. In the US, public broadcasting has been funded by budget allocations from a hostile rightwing Congress and donations from corporations. Its survival – and therefore its journalistic independence – has been in doubt. But public broadcasting in Europe usually is funded by mandatory public subscription fees where all households are required to pay a monthly amount of approximately \$15, about \$170 per year,

much like subscribing to cable TV in the United States (but a lot cheaper). This gives public broadcasting its own funding base that is greatly independent of the government's mood swings and attention deficits, as well as of the bottom line considerations of the profit-driven corporate media.

When it comes to penetration of the internet and high-speed broadband availability, Europe as well as Japan is way ahead of the US. As recent as 2001 America led the world, but now it is ranked 21st in digital opportunity, just behind formerly communist Estonia.<sup>19</sup> Europe's high speed connections are less expensive and lightning fast compared to those of the US,<sup>20</sup> which consequently also is lagging in high speed internet applications, such as streaming video and Internet TV.<sup>21</sup> In an Information Age, where an informed citizenry is enhanced by its access to the democratising aspects of the internet, Europe is leading the way while the US has fallen behind.

Taken together, these media and communications institutions, combined with public financing, free air time for campaigns and proportional voting, contribute to a greater degree of what political scientist Henry Milner has called 'civic literacy' – more citizens who are informed and conversant in the issues of the day.<sup>22</sup> Various studies have demonstrated that the peoples of Europe are the most educated and informed in the world, not only about their own domestic politics but also about international affairs. Americans, on the other hand, consistently perform near the bottom of these measurements. America's

media deficit was never more apparent than during the months-long build up to the 2003 Iraq invasion. *New York Times* columnist Paul Krugman commented that '[Europeans and Americans] have different views partly because we see different news. At least compared with their foreign counterparts, the 'liberal' U.S. media are strikingly conservative – and in this case hawkish.'<sup>23</sup>

So Europe's multiparty democracies clearly outshine America's two party duopoly when it comes to representation, more robust political discourse and greater media pluralism leading to a better informed populace, but that's not all. Research by political scientists Arend Lijphart, John Huber, G. Bingham Powell and others have demonstrated that Europe's multiparty democracies produce legislative policy that is more responsive to the desires of their populaces than winner-take-all systems. Lijphart reviewed performances of 36 countries, classifying them into 'majoritarian' and 'consensus' democracies, proxies for proportional and winner-take-all democracies respectively. He concluded 'the consensual democracies clearly outperform the majoritarian democracies with regard to the quality of the democracy and democratic representation;' they also are more likely to have enacted comprehensive social programs, have a better record on the environment, on macroeconomic management, on controlling violence, put fewer people in prison, are less likely to use the death penalty and are more generous with their assistance to developing nations.<sup>24</sup>

*Fulcrum #3: Economic institutions.* With a more democratic and representative politics, it is no surprise that Europe's economic engine would be better harnessed to produce wealth that is broadly shared. Political democracy has translated more directly into economic democracy, and that is reflected in people's attitudes, even that of Europe's business class,<sup>25</sup> and has been injected into the associated fulcrum economic institutions. The most notable example is German *Mitbestimmung* (worker codetermination), which is the most democratic corporate structure ever devised. This framework includes supervisory boards (*Aufsichtsrat*) where elected worker representatives sit side-by-side as equal decision makers with stockholder representatives on corporate boards of directors. Works councils (*Betriebsrat*) in every workplace give workers a great deal of input at the shop floor level. Codetermination obliges managers and executives to confer extensively with employees and unions about health and safety standards, wages, bonuses, introduction of new technology, layoffs, and generally gives workers a say in their workplace far beyond what any workers in the US can imagine. These institutions reflect German communitarian values much the way that highly paid US corporate executives and heavily upside-down pyramid salary structures reflect the American value of individualism. Sweden and most other European nations, even Britain, have adopted some degree of co-determination, while the US has nothing comparable.

These three fulcrum institutions – political, media/ communication and economic – taken together, work coherently to form the basis of a political economy that distinguishes the European Way from the American Way. Without a thorough grounding in the understanding of these basic institutions, you cannot possibly comprehend the current divergences between Europe and America, nor their future direction. Basically, it comes down to democracy, both political and economic, and whether the overall system is geared towards equality and pluralism in all facets, or whether the democracy is stunted. It is easy to see how Russia's democracy has regressed in recent years under Putin's authoritarian tendencies, but it has been more difficult to recognise how American democracy is backward and unfit for the challenges of the 21st century.

Simply put, America has the wrong fulcrum institutions. Ironically, the land of 'We, the People' still does not trust the people all that much. And Americans' aging fulcrum institutions elect governments that fail to produce policy supported

by a majority of Americans. Judging by the positions of the Democratic candidates for president and the timidity of the Democratic-controlled Congress, this seems unlikely to change much, even in a Democratic administration.

Consequently, the advances of the 21st century in political, economic, media and social organisation will continue to take place in Europe, not America. If we are to survive the 21st century, Europe must step up to the task of global leadership, and part of that process must involve spotlighting its fulcrum institutions – political, media and economic – as the basis for a new 'social capitalist' development model that offers much hope to the world.

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The differences in the fulcrum institutions of the European way and the American way can be summarised as follows:

	<b>US</b>	<b>EU/Europe</b>
<b>Political</b>	<ul style="list-style-type: none"> <li>winner-take-all electoral systems</li> <li>privately financed elections</li> <li>corporate media limiting debate</li> <li>two party system</li> <li>poll-driven, sound bite political campaigns</li> <li>restricted, voter-initiated registration</li> <li>voting in the middle of busy work day</li> <li>lousy voting equipment, esp. in poor areas</li> <li>decentralised election administration</li> <li>U.S. Senate, Electoral College give advantage to low-population</li> <li>conservative states</li> <li>mistrust of democracy</li> <li>deliberative democracy, Question Time</li> <li>foreign policy based on <i>realpolitik</i> and military might</li> <li>unilateralism</li> </ul>	<ul style="list-style-type: none"> <li>proportional representation electoral systems</li> <li>publicly financed elections</li> <li>robust public TV and radio fostering debate</li> <li>multiparty system</li> <li>more debate and discussion of issues</li> <li>universal voter registration</li> <li>voting on a holiday or weekend</li> <li>modern election administration</li> <li>national election commissions &amp; standards</li> <li>upper chambers have less power,</li> <li>less advantage for low-population regions</li>   <li>more trusting in democracy – Children’s Parliaments</li>   <li>foreign policy more humanitarian and network-based</li>   <li>multilateralism</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>corporate media gatekeepers</li> <li>loss of political ideas</li> <li>media monopolies</li> <li>poorly informed citizenry</li> <li>low level of ‘civic literacy’</li> <li>fewer people read newspapers</li> </ul>	<ul style="list-style-type: none"> <li>robust public broadcasting (radio &amp; TV)</li> <li>political pluralism – promotion of ideas</li> <li>subsidised, diverse daily newspapers</li> <li>better-informed citizenry</li> <li>high level of ‘civic literacy’</li> <li>more people read newspapers</li> </ul>
<b>Economic</b>	<ul style="list-style-type: none"> <li>individualist values</li> <li>hierarchical structures</li> <li>of directors and works councils</li> <li>stockholder rights</li> <li>adversarial between labour and management</li> <li>highly centralised Federal Reserve Bank</li> <li>lab or and enviro laws vary by state</li> <li>corporate-driven free trade pacts</li> </ul>	<ul style="list-style-type: none"> <li>communitarian values</li> <li>worker codetermination on corporate boards</li>   <li>balance of stockholder &amp; stakeholder rights</li> <li>labour and management confer more extensively</li> <li>more decentralised central bank</li> <li>EU-wide minimum labour &amp; enviro standards</li> <li>national referendums on joining EU &amp; Euro</li> </ul>

## Endnotes

<sup>1</sup> Christopher Swann, 'More Americans Lack Cover for Ill-Health,' *Financial Times*, August 30, 2005. Also see David Leonhardt, 'US Poverty Rate Rose in 2004, Even as Economy Grew,' *New York Times/International Herald Tribune*, September 1, 2005.

<sup>2</sup> By way of comparison, here are other child poverty rates: Sweden (4.2%), Germany and Austria (10.2%), UK (15.4%), Italy (16.6%) and Mexico (27.7%). See 'The State of the World's Children, 2006,' a report by UNICEF, 2006, [www.unicef.org/sowc06/pdfs/figure2\\_4\\_2005.pdf](http://www.unicef.org/sowc06/pdfs/figure2_4_2005.pdf) and [www.unicef.org/sowc06](http://www.unicef.org/sowc06) for the full report. Also see the State of Working America 2004/2005, Economic Policy Institute. The International Comparisons chapter compares the economic performance of the United States to the 19 other rich, industrialised countries that also belong to the Organisation for Economic Cooperation and Development (OECD). See a summary at [www.epinet.org/books/swa2004/news/swafacts\\_international.pdf](http://www.epinet.org/books/swa2004/news/swafacts_international.pdf)

<sup>3</sup> Dan O'Brien and Aurore Wanlin, 'Reasons to be cheerful about Europe,' *Financial Times*, November 24, 2006. The Gross Domestic Product per capita – considered by economists to be the most important indicator of overall economic well-being – grew by 20 percent in the EU -15 and 21 percent in the US, a statistically insignificant difference. Also see Jack Ewing, 'Europe's Locomotive Is Back on Track,' *BusinessWeek.com*,

[www.businessweek.com/globalbiz/content/oct2006/gb20061010\\_457604.htm?campaign\\_id=eu\\_Oct11&link\\_position=link34](http://www.businessweek.com/globalbiz/content/oct2006/gb20061010_457604.htm?campaign_id=eu_Oct11&link_position=link34), October 10, 2006; and John Schmitt, 'Whatever Happened to the American Jobs Machine?', Centre for Economic and Policy Research, Issue Brief, October 2006.

<sup>4</sup> 'EU overtakes US in productivity growth,' *EurActiv.com*, November 6, 2007, [www.euractiv.com/en/innovation/eu-overtakes-us-productivity-growth/article-168129](http://www.euractiv.com/en/innovation/eu-overtakes-us-productivity-growth/article-168129). A competitiveness report from the European Commission found that for the first time since 2001, the EU had outstripped the US in productivity growth. EU worker productivity grew at 1.5% in 2006, a sizable increase over the previous year, while in the US it had declined to 1.4%, the two economies trending in opposite directions.

<sup>5</sup> Tim Hetherington and Emmanuel Jarry, 'Sarkozy tackles Hu on yuan and human rights,' *Reuters*, November 26, 2007.

<sup>6</sup> All Gross Domestic Product figures and some population figures from the International Monetary Fund's World Economic and Financial Surveys, World Economic Outlook Database, September 2006 Edition, [www.imf.org/external/pubs/ft/weo/2006/02/data/index.aspx](http://www.imf.org/external/pubs/ft/weo/2006/02/data/index.aspx).

<sup>7</sup> According to the World Economic Forum's measure of national economic competitiveness for 2006-2007, European nations took the top four spots, seven out of the top ten spots

and 12 out of the top 20, with the US ranked sixth.

<sup>8</sup> See Mildred Amer, 'Membership of the 110th Congress: A Profile,' CRS Report for Congress, Order Code RS22555, December 15, 2006, [www.opencrs.com/rpts/RS22555\\_20061215.pdf](http://www.opencrs.com/rpts/RS22555_20061215.pdf).

<sup>9</sup> For the German figure, see 'German Parliament Sports Young Face,' *Deutsche Welle*, Sept. 24, 2002, [www.dw-world.de/english/0,3367,1430\\_A\\_642760\\_1\\_A,00.html](http://www.dw-world.de/english/0,3367,1430_A_642760_1_A,00.html). For the US figure, see Associated Press, 'A Numeric Profile of the New Congress,' *Fox News*, January 04, 2007, [www.foxnews.com/story/0,2933,241441,00.html](http://www.foxnews.com/story/0,2933,241441,00.html). Forty two senators are 65 or over; while the average American is 37, no Senators are in their thirties. Intelligence Report, *Parade*, November 25, 2007, p. 12.

<sup>10</sup> Nonprofit Voter Engagement Network, *America Goes to the Polls: A Report on Voter Turnout in the 2006 Election*, p. 6-9, [www.nonprofitvote.org/wp-content/uploads/AGtP.pdf](http://www.nonprofitvote.org/wp-content/uploads/AGtP.pdf).

<sup>11</sup> See statistics published by the Institute for Democracy and Electoral Assistance (IDEA) at [http://idea.int/vt/survey/voter\\_turnout\\_pop2.cfm](http://idea.int/vt/survey/voter_turnout_pop2.cfm).

<sup>12</sup> Frank Rich, 'Survival of the Fakest,' *New York Times*, August 26, 2000. The ever-witty Rich, comparing the dreary presidential conventions to the TV season finale of 'Survivor,' wrote: 'Through a weird cultural reversal, America is now a place where there's more spontaneity and

'reality' in a prime-time network entertainment series than there is in the TV spectacles staged by our political parties over supposedly momentous issues of public policy.' Observing that neither of the party's nominating conventions on their best nights drew close to half the audience of 'Survivor, Rich further commented that 'the audience that cast its vote by Nielsen isn't stupid. It does prize authenticity over canned showmanship...As that minority of Americans paying attention knows, the choice this year is between two distinctive brands of in authenticity.'

<sup>13</sup> Frances E. Lee and Bruce I. Oppenheimer, *Sizing Up the Senate* (Chicago: University of Chicago Press, 1999), 4–5.

<sup>14</sup> Throughout the 1990s and into the 2000s, the Democrats and a Vermont independent represented a total of 240 million adult Americans (if one counts the total adult population of a state once for each senator representing that state), and Republicans represented a total of 190 million adults – yet the Republicans had the majority. In 2004, 52 percent of the two party votes were cast for Democratic senatorial candidates, yet Republicans elected 19 of the 34 contested seats (56 percent). Richard Winger, *Ballot Access News*, Vol. 22 No. 9, January 1, 2007, p. 4.; Matthew Shugart, 'Filibuster Protects the Majority – of Voters,' *San Diego Union Tribune*, May 18, 2005; Hendrik Hertzberg, 'Nuke 'Em,' *New Yorker*, March 14, 2005.

<sup>15</sup> In PR systems, the percentage of vote it takes to win one seat is

dependent on the 'victory threshold' of representation, which is derived by making all contested seats in a multiseat district equal to the same number of votes. If 10 seats are being elected at once from a multiseat district, each seat will be worth 10 percent of the vote in that ten-seat district. Winning 30 percent of the vote will gain three out of 10 seats, 60 percent of the vote will gain six out of 10 seats, etc. By adjusting the victory threshold it is possible to fine-tune your democracy and decide how inclusive or exclusive you want it to be. See the website of FairVote ([www.fairvote.org](http://www.fairvote.org)) for additional resources about proportional representation.

<sup>16</sup> Italy tops the list with 93% participation, Belgium, Austria and the Netherlands at 85%, Sweden, Denmark and the Czech Republic at 83% and Germany at 81%.

<sup>17</sup> Thomas Jefferson to Richard Price, 1789, from *The Writings of Thomas Jefferson*, Memorial Edition (Lipscomb and Bergh, editors) Washington, D.C., 1903–04, Volume 7, p. 253.

<sup>18</sup> See 'Review of Public Service Broadcasting around the world,' a report by McKinsey & Company, London, September 2004, <http://www.ofcom.org.uk/consult/condocs/psb2/psb2/psbwp/wp3mck.pdf>

<sup>19</sup> S. Derek Turner, 'Broadband Reality Check II: The Truth Behind America's Digital Decline,' *Free Press*, August 2006, p. 8, [www.freepress.net/docs/bbrc2-final.pdf](http://www.freepress.net/docs/bbrc2-final.pdf); John Borland, 'Estonia

Sets Shining Wi-Fi Example,' *CNet News.com*, November 1, 2005, [http://news.com.com/Estonia+sets+shining+Wi-Fi+example/2010-7351\\_3-5924673.html?tag=html.alert](http://news.com.com/Estonia+sets+shining+Wi-Fi+example/2010-7351_3-5924673.html?tag=html.alert).

<sup>20</sup> Blaine Harden, 'Japan's Warp-Speed Ride to Internet Future,' *Washington Post*, August 29, 2007; p. A01, [www.washingtonpost.com/wp-dyn/content/article/2007/08/28/AR2007082801990\\_pf.html](http://www.washingtonpost.com/wp-dyn/content/article/2007/08/28/AR2007082801990_pf.html); Esme Vos, '100 Mbps for 30 Euros in Paris,' *Muniwireless.com*, August 31, 2007, [www.muniwireless.com/article/articleview/6367/1/2](http://www.muniwireless.com/article/articleview/6367/1/2). France, Japan and other nations are offering broadband access with typical speeds of 100 megabytes per second, whereas in the US typical speeds are 2.5–3.0 Mbps.

<sup>21</sup> Paul Krugman, 'The French Connections,' *New York Times*, July 23, 2007

<sup>22</sup> Henry Milner, *Civic Literacy: How Informed Citizens Make Democracy Work* (University Press of New England: Hanover and London, 2002).

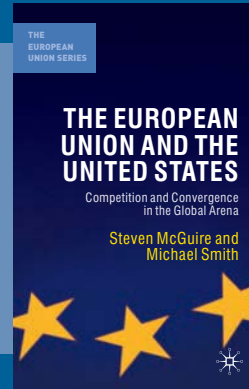
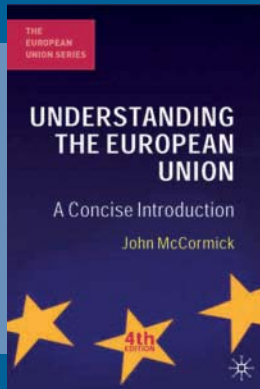
<sup>23</sup> Paul Krugman, 'Behind the Great Divide,' *New York Times*, Feb. 18, 2003. Krugman was trying to understand the incredible fact that polls were showing a majority of Americans believing that some or all of the Sept. 11 hijackers were Iraqi, and that Saddam Hussein was involved in Sept. 11, a claim even the Bush administration never had made. Such a startling level of ignorance, Krugman optimistically surmised, was because the American media, particularly TV, had rendered them ill-informed.

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<sup>24</sup> Arend Lijphart, *Patterns of Democracy: Government Forms and Performance in 36 Countries* (Yale University Press: New Haven and London, 1999), p. 275, 280-2, 301-2.

<sup>25</sup> While both the United States and the European Union are capitalist economies, there are important and diverging differences. A fascinating book from 1993, *Seven Cultures of Capitalism*, was written by two business consultants who had distributed questionnaires to some 15,000 business managers from around the world. They used the results of these questionnaires to gauge how values, habits and cultural styles affected the pursuit of economic success. Respondents in each of the 'seven cultures' stud-

ied – the United States, Britain, France, Germany, Japan, Sweden and the Netherlands – reacted in startlingly different ways. Not surprisingly, the authors found profound differences between the United States and Europe, with Britain straddling a line between the two. European business managers were more disposed to communitarian values and teamwork, while American managers were hyper-individualists, producing businesses that were hierarchical and narrowly focused on quarterly profit sheets. These postures naturally spilled over into social attitudes. For instance, the American-British brand of capitalism regarded poverty as a sign of personal failure, idleness and disgrace; but Germany, Austria, Scandinavia and Japan

regarded poverty as the economic consequences of workers finding themselves mired in declining industries.