Europe's Power Paradox

Beatrice Weder di Mauro

Europe is large enough to be a great power but has yet to assert itself as a sovereign actor

Ever since Canadian Prime Minister Mark Carney's Davos speech, Europe is commonly described as a "middle power." This is puzzling. Europe's economy is 10 times larger than Canada's and comparable in size to those of the United States and China. Collectively, European nations are the world's second largest defense spender after the US. Even some Europeans have embraced the "middle power" moniker. Why?

First, Europe has been avoiding the truth. Washington has signaled that the era of US security guarantees is ending. Yet much of Europe behaves as if this were a passing phase. Defense plans are drafted on the assumption that the old normal will return, that America will always be there. This is not strategy, it's wishful thinking. And it postpones the uncomfortable truth that self-reliance cannot be subcontracted.

Calling Europe a middle power is a way of shrinking the problem. It lowers expectations and limits responsibility. It suggests that Europe can stand aside while the real contest unfolds between others. The fantasy of being a "greater Switzerland"—geopolitically peripheral but economically prosperous—is seductive. But Europe isn't peripheral: It's where great-power rivalry plays out.

The second possibility is still more unsettling: *L'Europe n'existe pas.* Europe has never asserted itself as a sovereign political actor. Most political leaders speak to national electorates, not a European public. Security debates are filtered through domestic politics. National reflexes dominate and are reinforced by the rise of openly nationalist movements.

Individually, France, Germany, and the United Kingdom may fit the definition of middle powers. Collectively, they do not. To use the label at the European level is to fragment power. It anticipates and perhaps facilitates Europe's division into spheres of influence. The risk is not that Europe will become a modest power but that it will become the object of power politics—the setting for a renewed scramble for influence by outside powers rather than a player in its own right. This is changing: Europe knows it must become a greater power.

COURTESY BEATRICE WEDER DI MAURO

Illustration by Chantal Jahchan

German Question

Germany is central to how Europe can act commensurately with its size because it's the only nation that combines substantial fiscal resources with a large, diversified industrial base. With defense spending now largely exempt from the constitutional debt brake, Berlin has the financial capacity to sustain expenditures exceeding 3 percent of GDP. Germany is set to spend more than €500 billion over the next four years on defense. Its manufacturing networks—particularly in advanced engineering and automotive supply chains—allow it to scale defense production in a way no other European economy can. If Europe is to build credible military might, Germany must serve as one of its industrial pillars.

Yet Germany is not acting with the necessary speed or scale. Production processes remain slow, procurement fragmented, and industrial capacity underutilized. Rearmament is not proceeding at the tempo required by the strategic environment. Germany, according to the historian Niall Ferguson and economist Moritz Schularick, has yet to deliver the industrial acceleration and technological prioritization modern warfare demands.

The danger is that much of Germany's additional spending will be used to fund legacy systems and fail to reduce dependence on the US. The unfortunate consequence of Germany leading financially is that many discussions about European procurement soon descend into squabbles between nations over access to contracts. Debates hinge on industrial policy rather than defense effectiveness. This creates a real danger of capture by vested national champions.

Willing coalitions

Europe's strategic objective is clear: to support Ukraine while building deterrence against Russia. But Europe struggles to translate national commitments into a coherent unified approach. Credible deterrence requires more than the sum of national efforts. It demands coordinated procurement, integrated planning, and shared capabilities. On March 2, President Emmanuel Macron said in a pivotal speech that France's vital interests could not be confined to its national territory, and that an attack on a European ally might trigger a French nuclear response. This is a significant shift, but a declaration by one leader does not substitute for a common institutional architecture.

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To build that architecture, Europe must overcome deep structural obstacles: long-standing national defense traditions and incompatible standards that make switching to common weapons systems costly; industrial nationalism and entrenched special interests; and persistent concerns about fiscal transfers and moral hazard.

One concrete solution is the European Defence Mechanism, a proposed intergovernmental body open to all European democracies, including the UK and Ukraine, with three core functions: joint procurement and financing, ownership of shared strategic enablers such as satellites and air defense systems, and enforcement of a defense single market. Armin Steinbach and coauthors show how this mechanism would sidestep EU rules that preserve national sovereignty over defense and allow greater integration of defense policy and industry.

But credible defense also requires real command authority. For Europe to be capable of conducting high-intensity operations independently of the US, it will need its own command structure—and eventually a European army with unified command, procurement, and doctrine. To get there, Europe must avoid division.

External actors have clear incentives to split the continent into zones of influence and support nationalist movements that weaken cohesion. The difficulty is structural. The European project was conceived as a peace project, designed to reconcile internal differences and institutionalize compromise. It was not built to defend itself against aggression, whether from without or within.

The difficulty of acting collectively within the current EU framework is illustrated by the €90 billion Ukraine support package approved by the European Council in December 2025. Although it was structured to prevent opposition, Hungary still found a way of delaying it, at least until April's elections led to a change of government. The episode shows how Europe's institutional architecture remains vulnerable to capture by a single member state despite the political will to act among a large group of members.

In the short term, progress may depend on coalitions of the willing. A core group of member states could create momentum by pressing ahead with defense integration, procurement coordination, and operational planning. Other more cautious members may choose to join later.

A great moderating power

Ultimately, a stronger Europe is good not only for itself, but for the world. In the era of globalization, Europe overestimated the power of values and underestimated the value of power, to borrow Carney's formulation. Europe stands for the former: a level playing field, a multilateral order, and open markets. But values without power are fragile.

Many of the world's nearly 200 nations do not wish to align fully with either of the two rival superpower poles. A Europe that acts as a third pole—capable of projecting strength while serving as a moderating and stabilizing force—would be in the interest of Europe and the broader international system. That role cannot be played by a self-described middle power. Europe must recognize that it is large, capable, and consequential—and act accordingly. F&D

BEATRICE WEDER DI MAURO *is the president of the Centre for Economic Policy Research and the André Hoffmann Professor of Economics, Climate, and Nature Finance at the Geneva Graduate Institute.*