exceptions, are loath to import the American model

tions. Among the new EU members of Eastern Europe, average growth of 5 percent exceeds that of the United States. Slovakia, Estonia and Latvia are all growing at 10 percent or more annually.

Critics routinely claim that high European wages and social-welfare benefits stall job creation, and that Europeans "resist reform." In fact, there's no evidence for this. If it were so, how then could Europe have enjoyed higher economic growth than America for the bulk of the postwar era? Despite nearly 50 percent tax rates and cradle-to-grave welfare benefits, Northern European social democracies like Denmark, Sweden and Finland grab half of the top slots in the World Economic Forum's ranking of the world's most competitive economies. "Nordic social democracy remains robust," says Anthony Giddens, former head of the London School of Economics—"not because it has resisted reform, but because it embraced it."

Insofar as per capita European growth lags the United States, it is not because Europeans are uncompetitive. Take Germany, with a larger trade surplus than China's and a growing share of world trade. Output per hour worked is higher in France than in the United States. *Daily* U.S. productivity is higher than in Europe only because employed Europeans choose to work fewer hours than Americans, in exchange for less pay. Remember those six to eight weeks of vacation every European is assured? Most Americans say they would make the same trade-off—if only their employers would permit it.

Europeans indeed pay dearly for their social-welfare systems, but they believe it's worth it. Even in poorer, pro-American Hungary and Poland, polls show that only a small minority (less than 25 percent) wants to import the American economic model. A big reason is its increasingly apparent deficiencies.

Consider health care, the benchmark of any nation's overall well-being. "Americans have the best medical care in the world," President George W. Bush declared in his second Inaugural Address. Yet the facts show otherwise. The United States is the only developed democracy without a universal guarantee of health care, leaving about 45 million Americans uninsured (and as many again undertreated). Worse, whether measured by questioning public-health experts, polling citizen satisfaction or measuring survival rates, the health care offered by other countries increasingly ranks above America's. U.S. infant-mortality rates are among the highest for developed democracies. The average Frenchman, like most Europeans, lives nearly four years longer than the average American. Small wonder that the World Health Organization rates the U.S. health-care system only 37th best in the world, behind Colombia (22nd) and Saudi Arabia (26th).

If anything, the economic future looks rosier for Europe than for America. Last week the OECD projected 2.5 percent euro-zone growth, compared with 2 percent for the United States. Investment and business confidence are skyrocketing. In the next few years, the market capitalization of European firms in the global top 500 is set to exceed that of U.S. firms.

Sure, China and India get the headlines. And yes, U.S. trade with the Asia/Pacific region has eclipsed trade with Europe. But the deeper truth is that investment long ago displaced trade as the leading driver of growth, and in this respect Europe stands even with the United States as the world's economic superpower. The relationship between Europe and the United States, says Daniel Hamilton, director of Johns Hopkins's Center for Transatlantic Studies, "is by a wide margin the deepest and broadest between any two continents in history."

Nearly 60 percent of U.S. foreign investment goes to Europe. U.S. business invests considerably more every year even in

■ A European is likely to live longer than an American; sunbathing in Sweden (below)