



Europe in an Asian Century



CHANGING
THE EUROPEAN DAHRENDORF
DEBATE SYMPOSIUM

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Executive Summary

Nicholas Kitchen, Editor, IDEAS Reports

Europe, the conventional wisdom has it, is in crisis. The EU's signature achievement, the single currency, now threatens to undermine the very cohesion of Europe itself, driving wedges between member-states and fuelling social unrest within them. Where once common monetary policy held within it the promise of geographic expansion, a common foreign and security policy, and even the creation of Union-wide European identity in international affairs; now the politics of fiscal rupture foretell an EU that looks inward, shorn of its most indebted members and divided between the remaining Eurozone countries and the rest.

It was in this context that the Dahrendorf Symposium met a year ago. Paradoxically, the narrative of crisis has been simultaneously allied with vibrant public and policy discussion. Charged with 'changing the debate on Europe', the Symposium reflected the energy of that public discourse, providing evidence that among academics and policymakers at least, the idea of Europe remains real and relevant.

This report is composed in part from the papers presented on the 'Global Europe' panel at the inaugural Dahrendorf Symposium, and foreshadows the continuation of the debate at the second Dahrendorf Symposium in 2013. It considers the world which Europe inhabits, and decisively rejects the premise that a Europe experiencing economic crisis is doomed to think smaller, or be less strategic in the world. Instead, as John Stevens convincingly argues, the Eurozone crisis represents a strategic opportunity to rethink how Europe sees itself and the world, and the contributions here together comprise a first cut at a new strategic assessment for Europe.

The world which Europe inhabits today exhibits marked differences from the world Europe faced when the single currency was born at Maastricht in 1991. The management of transitions from communism to capitalism has given way to a global economy in which the most salient feature is the diffusion of economic output, the result of the rapid growth of emerging markets around the world over the last two decades. China now looms large in Europe's recovery from the crisis, and as Arne Westad points out, China itself is increasingly interested in Europe's future for both bilateral economic and wider strategic reasons. Michael Cox, whilst taking a contrary view of the nature of contemporary power shifts, argues that the United States' increasing focus on Asia impels Europe to carve a role for itself beyond the old certainties of the transatlantic relationship. In their analysis then, Europe has a pivotal strategic opportunity, through its relationships with China and the United States, to decisively influence the character of the emerging multipolar international system.

How Europe may grasp that opportunity is the question that links the following contributions. Mary Kaldor analyses Europe's distinctive approach to international security; Richard Youngs evaluates the evolution of Europe's geoeconomic policies; and Thomas Risse assesses how divergent national identities may be reconciled for Europe to act coherently in the world. For Europe to take advantage of its opportunity to become a third pole in a multipolar system, it will require, as Risse notes, three 'P's: power, purpose and practice. The authors here agree that Europe has the power, both in economic and security terms; the question they all pose is whether Europe can generate sufficient unity of purpose to enable it to put its vision of global order into practice. The crisis places strains on this task – as Youngs' concerns about Europe's descent into mercantilism makes clear – but as Stevens suggests it also creates incentives to impel further supranationalism that may make its completion inevitable.

However, Europe is unlikely to be able to complete the task of developing foreign policy practice, and thereby lay claim to the same strategic status as China and the United States, if the United Kingdom continues to block moves to develop supranationalised powers for European foreign policy. Yet such obstructionism, as Colin Budd forcefully argues, is both bad for Europe and even worse for the UK. Whilst most expect Berlin to decide the fate of the Eurozone, it may be that London holds the key to the fate of Europe in an Asian Century. ■

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➤ Europe in an
Asian Century

➤ The Strategic Opportunity of the Euro Crisis

John Stevens

When, on 15 October 1806, Heinrich vom Stein listened with unaltered composure to the tremendous tidings of the crushing Prussian defeat by Napoleon at Jena, his companions were astounded. They were even more astonished by his subsequent remark: 'Now, at last, Germany can be made.' How could the great patriot be so calm and so sanguine? Was not Prussia the principal hope of all who dreamed of German national unity? Had it not, through the genius of Frederick the Great, become the one country of that still nebulous Volksgemeinschaft which possessed the military and the Enlightenment virtues to resist the revolutionary imperialism of France? Had not Voltaire concluded his praise of the 'Teutonic marriage of Sparta and Athens' with the famous observation that 'in other countries the state has an army, in Prussia the army has the state'? Now that this army had been destroyed in an afternoon, the eclipse of the state would surely follow: its territories halved, its society humiliated.

But a quarter of a century in Prussian government service had persuaded the Freiherr not just of the brilliance and audacity of the Alte Fritz's achievements, but also of their fragility, stemming from their lack of rigour and popular support. And it had confirmed his conviction as to the intractable conservatism of German culture: the profound parochialism which prevented both rulers and people from realising the immense accretion of wealth and power that might flow from greater political integration. These were the roots of the disaster, but now that they had been exposed they could be dug out. Vom Stein saw, in short, that this supreme crisis was also the supreme opportunity. For only such a shock would be sufficient to shake Prussia, and thereby the whole nation, into making the fundamental reforms not just of substance, but even more of sentiment, that were necessary to secure survival and lay the foundations of future greatness.

THE EURO'S FLAWED FOUNDATIONS

The creation of the euro was an act of astonishing audacity. It must be rated amongst the most ambitious economic policies ever attempted by a free society. Its central purpose was to release the potential revealed by the remarkable fact that for all its divisions and internal barriers, the per capita production of the European Union is not significantly inferior to that of the United States, with all its advantages of internal cohesion. If Europe could even approach a comparable level of cohesion, it would easily be the greatest economy, and consequently the greatest power, on earth. Its central premise was that the instrument of promoting greater European cohesion – the Single Market – could only continue with a single currency, since exchange-rate movements act as tariffs. Competitive deficiencies must be addressed directly, not evaded by devaluation and covert, politically manipulated protectionism. The euro also had a central prejudice, which seemed obvious but has now moved centre stage: that such cohesion needed to be achieved by harmonisation on the level of the best; not by an averaging out, let alone by converging towards the worst: levelling up, not levelling down.

Greece's performance must become like Germany's, not Germany's like Greece. All this is as clear now, as it was in the mid eighteenth century that Prussia, and all it represented for Germany, could only sustain itself by expansion, and could only expand by embracing liberal reforms.

For monetary union also has, of course, an ulterior purpose: as the apotheosis of Jean Monnet's method for bringing about his dream of a political Europe, a united European state. This had two aspects: what his biographer Sherrill Brown Wells has described as the incremental and the revolutionary. The euro is the supreme incremental economic initiative, which by becoming effectively irreversible forces a political and thus constitutional objective. But the euro is also the policy that is so big it breaks the boundaries of the elitist sphere of economics and becomes overtly political, precipitating the revolutionary moment Monnet, for all his gradualism and caution, always knew must eventually come, the 'transition from a technocratic unification of governments to a democratic unification of peoples.'¹

The principal architects of the single currency were adept adherents of such incrementalism. They knew that its original design was flawed. The Germans knew they had failed to move the French (then vigorously supported by the British), away from the Gaullist vision of a 'Europe des nations' towards accepting a greater surrender of national fiscal sovereignty. The French knew they had failed to move the Germans (again vigorously supported by the British) away from the Bundesbank vision of national sovereignty in monetary management. Both knew that a coalition of other states (vigorously orchestrated by Britain) had blocked the harmonisation of tax rates and the increase in shared resources they considered essential for effective economic governance and monetary management. All the founding states of the euro accepted these flaws because they were convinced that sooner or later events – a crisis in other words – would force the changes they sought from each other, and even perhaps the changes they recognised they would have to make themselves. Would it have been better to have had a fuller, pan-European debate about the means and ends and of monetary union before proceeding? Certainly. But as Jean-Claude Juncker chillingly confessed last year, 'we all know what to do, we just don't know how to get re-elected after we've done it.' The perennial dilemma of democratic rule, between leadership and followship, dictated that the art of what was possible in the present prevailed over the science of what was sustainable in the future.

Indeed, the tenets of the Maastricht Treaty were not just accepted as inadequate, but as unimportant. The frame of mind which welcomed the prospect that events would, in due course, force the improvements necessary to ensure the euro's sustainability also ensured that Belgium, the inner core of the European project par excellence, could not be excluded from its creation, despite historic debt levels in excess of the Maastricht criteria. And if Belgium, then surely Italy too, especially since Spain and Ireland had heroically achieved compliance. And if Italy, then Greece also. Did the other capitals suspect Athens of misrepresenting their deficit numbers? Certainly. Did they conclude it was manageable all the same? Absolutely. Such optimistic fatalism continued. Not only did those countries persist in failing to bring their finances within the limits prescribed by the Treaty, but first the Germans, then the French, then almost all the rest joined them in breaking the very rules that they had collectively committed themselves to as the proper starting point of the most significant act of integration since the Treaty of Rome.

Thus what Jorg Habermas has called the 'necessary and inevitable crisis of the single currency' was both expected and intended. What was not envisioned was that it would come as part of the gravest general crisis of the international financial system for three generations. Not that even this, now that the initial shock has passed, is perceived as particularly problematic. The stakes have certainly been raised dramatically by the turmoil of the credit crunch. The level of suffering being experienced right across the Union, especially by the young unemployed in the south, is truly tragic. But the levelling up of standards of practice and

¹ Jean Monnet, *Memoirs*, (1978).

performance in government, labour and money markets of which this is the inevitable price is already proving impressive. Who can doubt that clientism in state employment and tax evasion in Greece, and the profligacy and incompetence of regional administrations in Spain, are being addressed as never before. Who can deny the cleansing catharsis for politics and society of the eclipse of Silvio Berlusconi in Italy and Brian Cowen in Ireland? Who can dismiss the efforts to reign in spending and restore international competitiveness being undertaken all the way from Latvia to Portugal?

In the most crisis-hit countries of the Eurozone, the exposure of these flaws and the opportunity to address them goes far beyond matters of public and private economic management. It embraces every aspect of their national life. For instance, is it merely chance that in ascending order, Italy, Ireland, Spain, Portugal and Greece are the members of the single currency with the highest levels of income inequality between men and women? Though the measurements are performed more tentatively with regard to their ranking, also have the highest levels of inequality in employment between men and women?² Certainly not. Encouragingly, these statistics, and the broader reality behind them, are increasingly recognised in the public debates about addressing the crisis now underway in these societies. In short, what beckons is precisely the sort of national renewal and comprehensive modernisation that von Stein envisaged, and to a very significant degree achieved in Prussia from 1806 to 1814.

REENGINEERING THE SINGLE CURRENCY

There is of course still an immense amount that must be done to secure the euro's stability and sustainability. But since this summer at least, the outlines of a resolution of the principal structural questions left open at its inception can be discerned. The capacity of the European Central Bank to drive interest rate differentials by the purchase or sale of government debt, to ensure they reflect real distinctions of performance rather than the speculation of a systemic collapse. A banking union, mutual fiscal oversight and enhanced economic policy co-ordination. The historic compromise between a Germany that breaks, to a degree, with the old narrow definition of the proper remit of monetary policy as price stability alone in favour of a broader recognition of the legitimacy of targeting employment and growth; and a France that breaks, perhaps by rather more than a degree, with the old narrow definition of the exclusively national context of budgetary control. Moreover, beginning with the nearly six thousand banks in the Eurozone, we are clearly going to see ferocious cross-border rationalisation, a harbinger of comparable, powerfully positive integrative processes in aerospace, telecoms, general utilities, retailing and transport.

There is every reason to suppose that provided the global economy remains stable, the Chinese economy recovers and re-orientates further towards domestic consumption, and the United States averts a fiscal crisis, the measures now in train will prove sufficient over the next two to three years to lift the Eurozone out of its current recession and return even its most depressed regions to the path of prosperity. Few now fear a recurrence of the imbalances and excesses which were the cause and the expression of the current collapse in production and employment. Who, for at least a generation, will lend excessively to the Greek or Italian governments, or invest with leverage in Spanish or Irish property? The guiding prejudice of the German government throughout the crisis is correct: that the more southern Europe resembles northern Europe in terms of fiscal discipline and competitiveness the greater and sounder that prosperity will be. Denying or evading this is to deny or evade the whole logic of monetary union. But the French instinct is equally accurate: that a much more politically and economically united Eurozone need not act externally, globally, merely like a larger Germany, but could enjoy a greater freedom to protect and promote the living standards of its citizens. The most cogent case for Eurobonds, for example, is not the mutualisation of liabilities *per se*, but that only

² K. B. Frederiksen, 'Income Inequality in the European Union', *OECD Economics Department Working Papers*, No. 952 (2012) <http://dx.doi.org/10.1787/5k9bdt47q5zt-en>

with an integrated government bond market comparable in scale, as a pool of liquidity, to US treasuries will the euro enjoy the full advantages of reserve currency status, which would include lower borrowing costs, eventually even for Germany.

However such a sanguine prognosis ignores the deeper, historic dimension of the global financial crisis: that at its core lies the sobering and related facts that the globalisation of the past three decades has, for the first time since the sixteenth century, precipitated a shrinkage of the Western middle class, and a fundamental shift of wealth and power from the West to the East. This has undermined our confidence in the depth and breadth of any return to European prosperity. Will the return to growth, even in the most competitive and developed regions of the Eurozone be sufficient to maintain, let alone enhance, our standard of living and of welfare? The rate at which this would certainly be so, and allow an orderly reduction of the accumulated debt overhang to manageable levels, is widely estimated to be between 3.5 and 5 percent. Is even that lower figure really plausible, even whilst allowing for the vast improvements in productive capacity locked up in Europe's myriad internal divisions?

Such pessimism is not, however, primarily economic. It resides instead in our current loss of confidence in many of the values our middle class promoted and made their own: the rule of law, civil liberties, meritocracy and democracy. Europe in general and the euro in particular have come to be seen, in far too many quarters, as part of this disenfranchising (one might even say alienating) mismatch between the power of markets – which has become international – and the power of politics, which has remained national despite being clearly crucial to resolving the crisis. Plainly, the economic opportunities of a completed monetary union will only be realised if the political opportunities it affords are also realised. Or rather, it is in the political realm that the truest hopes of the current crisis are to be found.

THE POLITICAL OPPORTUNITY OF ECONOMIC CRISIS

Monnet never properly spelled out how the emergence of a European demos, which could confer democratic legitimacy upon the transition from an essentially economic to an essentially political union, should come about. He would not himself have called it 'revolutionary'. Rather he seems to have envisaged a gradual process of awakening. What else would one expect of the man who complained of 'les chocs rudes de l'histoire recente de la France'? But history almost invariably advances by shocks and crises, and our present travails are no exception. Inseparable from the deep disenchantment and fear that the struggle to preserve the euro has generated across the Continent is an unprecedented awareness of a shared economic fate. If anything, the politicians are behind the people in this regard. Most have been reluctant to admit to their electors the degree of interdependence inherent in the euro. But the suggestion that it could be easier to put the whole enterprise into reverse than to carry on has not been believed, as the elections in Greece and in the Netherlands have demonstrated, however much the progressive realisation of the scale of the burdens this will entail is resented. Milward's pretence of national sovereignty that sustains the status of the European political class has been cruelly laid bare.

Some leaders have begun to rise to this new reality. For a brief period at the start of the year it seemed as if Nicholas Sarkozy would be receiving the overt support of Angela Merkel in the French Presidential elections: a dramatic step towards trans-national party politics in which the capacity to cooperate in delivering a shared solution to a shared problem would have become the centrepiece of the UMP campaign. In the event, caution in Paris rather than Berlin prevented the initiative, though now several of the ex-President's advisors admit that it might have delivered victory. Even if Francois Hollande's success was very much one of the old national politics, subsequently he has skilfully played upon his party's international ties with, for example, the German SPD and the Dutch PvdA. This is part of a wider increase in interest in the possibility of the June

2014 European Parliament elections being used to decide between candidates for the Presidency of the Commission, with names put up by the principal political groupings. Already, for example, Donald Tusk has been suggested by the centre-right European Peoples Party (EPP). There is the further dimension that such a contest could also constitute a de facto European-wide referendum on a new constitutional treaty, containing the changes in economic governance and the rest deemed necessary for the maintenance and further development of the monetary union.

However, if there has been one European institution which has signally failed to seize the political opportunities of the euro crisis it is surely the Parliament. Where were the MEPs when there was so desperate a need for someone to 'speak for Europe', to explain, at a supra-national level, the hard realities but also the potential rewards of making the euro work, to balance grim austerity with a vision that would make such austerity worthwhile? They were certainly not empathising, listening and campaigning in their respective countries, or making their chamber the focus of a continent-wide debate. This is in sharp contrast to the role played in Spain for example, by several leading MEPs in the late 1990s during the enormous patriotic effort made to achieve eligibility for euro entry. The key Economic and Monetary Affairs Committee (EMAC) has not become the forum its unique status as the body to which the Governor of the European Central Bank reports could have allowed. The decision of Mario Draghi to address the Bundestag to explain his bond buying programme must open the way for direct engagement by the ECB with other national parliaments, much to the detriment of the European Parliament.

In part this has been because the chairmanship of EMAC was both British and not a member of either the EPP or the European Socialists and Democrats, the two dominant affiliations in the Parliament. But it also reflects the continuing detachment of MEPs from the mainstream political debate in their home countries and their dependence on and deference to their national colleagues. The search for European democratic legitimacy seems likely to move to national parliaments. All sorts of ideas are being canvassed: synchronising national electoral cycles;

drastically reducing the numbers of directly elected MEPs and making up the numbers with delegates of national parliamentarians; granting to the latter the power to elect the President of the Council and the High Representative, with the former to choose the President of the Commission. It is too early to assess which of these may gain traction, but it is abundantly clear propositions are now being considered for realisation within the next two or three years that before the crisis would have been regarded as only achievable in some remote future. Jose Manuel Barroso's speech to the September Strasbourg Session of the European Parliament, for all its deficiencies of context and content, clearly marked a watershed in that it set out, for the first time in such a forum, a clearly federalist objective for the development of the European polity.

Achieving that most ambitious of objectives will require far more than a dry exploration of particular institutional innovations. It will need a new political narrative in all the member states of the single currency. I mentioned earlier that the crisis has clearly created an unprecedented sense of shared economic fate across the Eurozone, though obviously one which is far more a matter of resentment, rather than relief. But the real point is that it is recognised as being irreversible. Contrast this with the disappointed hopes of a number of the euro's advocates, including this author, that 'Europe in your pocket', notes and coins, would lead to a significant shift in European consciousness. There has long been anxiety amongst pro-Europeans that the old 'grand reason' for 'ever closer union', the prevention of war, had ceased to have saliency. Now, however, there is the chance to identify more Europe with real reforms of deeply entrenched deficiencies in national societies and cultures; the answer to mass anger against corruption, tax evasion and maladministration; the instrument for bringing down over-remunerated and parasitic elites whether in banks, or other privileged private cartels or publically-funded bureaucracies; the engine, in short, of a great modernisation.

THE RISKS OF 'MORE EUROPE'

Of course, there are plenty of dangers here. So far, the anger generated by the crisis has been expressed almost exclusively by anti-European interests. Can that be turned around? Anger is invariably an important element in all radical reforms of public attitudes and behaviour, but especially for processes of unification. Who is the enemy now? I have been struck by the parallels between the emergence of internal enemies in the crisis countries, such as corrupt officials and tax evaders, and the discourse over trade unionism in Britain during the 1980s. But historically it is usually external enemies that prove to be decisive in forging political unifications. The Cold War provided this for the founding phase of the European project, in as much as it was perceived as the economic and political underpinning of NATO on this side of the Atlantic. The fall of the Soviet Union removed this *raison d'être*.

Globalisation has brought forth a mixed bag of new potential enemies. The collapse in competitiveness across southern Europe is already linked in the popular mind to the rise of Asia, and especially of China. So far, however, there has been little appetite for the logical conclusion from such concerns: that the exclusive competence the Commission enjoys in external trade policy should be deployed to ensure import substitution. This is despite the fact that the Citizens Initiative created by the Lisbon Treaty could easily become a powerful tool for pushing such a policy. The United States could take a protectionist turn in the near future. Eventually when fiscal and monetary means of promoting employment are exhausted, there remains nothing else. Such policies would surely have an impact across the Atlantic.

Great though the potential of efficiency gains across the Eurozone from 'more Europe' is, it remains a big ask, even making allowance for the diminishing advantages of low labour costs in the evolution of the global economy, to imagine that this will manifest itself in the short run by a return to the levels of growth experienced across the Continent in the 1950s or 1960s. Yet these are the levels we will need to painlessly pay down the current accumulation of debt and secure the basic architecture

of our welfare provision, especially for retirement. Even Germany's export orientation is stressed by counterfeiting and plagiarism. More managed trade will probably prove more palatable in Berlin than a prolonged period of structurally higher inflation, which is the plausible alternative. The part played by preferential trade policy in the creation of both Germany, following the Napoleonic War (Friedrich List considered himself a disciple of vom Stein), and the United States, following their civil war, is well known. It would be an extraordinary exception if the construction of a more united Europe did not, to some degree, follow a comparable path.

Even more troubling has been the significant overlap between hostility to European integration and hostility to immigration. The increase in labour mobility within the Eurozone, precipitated by the crisis, is beginning to be on a scale sufficient to have quite some beneficial economic effects. Whilst this has been welcomed in, for example, Germany, elsewhere there are concerns it could exacerbate existing tensions, in particular with significant resident and naturalised Muslim minorities. Islamophobia is not necessarily, nor very obviously, in the strictest historical sense, anti-European. But it is plainly in crass contradiction to the general liberal values of tolerance and multiculturalism shared by the overwhelming majority of those promoting further political integration for the EU. Identifying the internal enemies who are holding back modernisation will be very tough. But it will also have to be very disciplined, so as not to allow sentiments to come to the fore which do long-lasting damage to the underlying purpose of the process: the preservation and further development of the compassionate, open, free law-based culture that has come to be seen as quintessentially European.

The economic opportunity of the euro's crisis is a substantial qualitative improvement in the efficiency of the southern European economies, which will feed through into a fundamental rationalisation of the whole Eurozone. This will start with the financial sector, but will widen out from that over time to grip every sector. But the political opportunity is even grander: nothing less than to prove that an international democracy is possible. It is no exaggeration to say that the very future of democracy turns upon the

outcome, for unless representation can operate upon the same level as the economic forces it seeks to balance and modify in the public interest, it will surely perish. Undoubtedly there are enormous uncertainties over whether these opportunities will be seized, even partially, and there are also great dangers along the way. Vom Stein was deeply disappointed by the imperfections and inadequacy of what he achieved. Many of his liberal and democratic proposals were rejected, with lasting malign consequences. Nevertheless, it is generally recognised that his vigorous response to the crisis Prussia faced 200 years ago made the eventual emergence of a strong, unified German state inevitable. I am confident that we are now seeing the process which will make the emergence of a strong, unified European state inevitable too. ■

➤ Europe Between
the Superpowers

➤ China and Europe: Opportunities or Dangers?

Odd Arne Westad

Just when parts of the European integration project seem to be in significant amounts of trouble, Chinese leaders are beginning to open their eyes to the need for more in-depth cooperation with both the Union itself and with individual European countries. After years of relative neglect, when China's main priorities have been the United States, the eastern Asian region, and the main developing economies (roughly in that order), Europe is now coming into fashion for discussion in Beijing, both as opportunity and threat. There are two main reasons for this. The first is that the global financial crisis of 2008 and the recession that followed have shown how dependent the Chinese economy is on European markets. The second reason is that some Chinese analysts have begun believing that Europe, in spite of its internal instability, may serve as a genuine balancer in international affairs during a period of US decline, helping smooth the transition to a more multipolar world. There are both possibilities and challenges in these perceptions, but there is little doubt that for some time at least China's interest in Europe will be at an all-time high.

CHINA AND THE EUROPEAN UNION

While the first generation of Chinese revolutionaries looked to Europe for inspiration, the post-revolutionary generation has been looking to the United States. Those who concentrate on the rivalry that now exists for power and influence between the two powers tend to forget how deeply China has been influenced by the United States over the past generation. Ideas, technologies, and products have tended to come from across the Pacific – the routes to Europe have been much less trafficked. Analysts in Beijing have – correctly, it seems – described Sino-American ties as a love-hate relationship: just as Americans like to take credit for introducing capitalist markets to China, they also fear the purposes to which the Chinese are putting their new-found wealth. And just as the Chinese prefer American products and view the United States as much more 'advanced' than any other part of the world, they also resent the US role in East Asia and its 'hegemonic' approach to world politics.

Europe has, until quite recently, lagged far behind in the developing Chinese consciousness about the outside world. In the 1980s the countries of the European Community (with Britain as a partial exception) were mainly important to China to the degree that they were willing to confront the Soviets and export technology to China. In the 1990s, as China's remarkable economic transformation took off, Europe's market significance increased, but not its political relevance. In the decade that has just ended, economic relations have become crucial and the institutionalisation of political and diplomatic contacts has improved, but Europe is still not seen as relevant for the bigger picture in China's foreign relations. Even on a good day, the Chinese Foreign Ministry spends more than twice the hours and the manpower on dealing with Southeast Asia than it does with Europe. 'In diplomatic terms,' a top Chinese diplomat recently confirmed, 'the EU is about as important for China as is Australia.'¹

¹ For an overview from a Chinese perspective, see Guan Chengyuan, ed., *Lingjilijie du Oumeng: wajiaoguan de qianyan baogao [Studying the EU Up Front]*, (2009).

Part of the Chinese difficulty in interacting with Europe has been the remarkable slowness with which Beijing has caught on to the centrality of the EU in European and world politics. Despite having inherited an empire, the Chinese leadership believes in nation-states, not unions or federalism. Far too often Beijing has come up short by interpreting the EU simply as a vehicle for the interests of the key states, and not as an integrationist project. In diplomatic terms, China has had some small-scale success with its consistent attempts at dealing with individual states rather than the Union as such. But it has failed on big issues, such as trade and environmental policies, where the EU has become more integrated and more consistent. (Much the same pattern can be seen with regard to Beijing's policy towards the Association of Southeast Asian Nations – ASEAN–, where China has had state-to-state influence on minor matters, but has failed disastrously in understanding basic ASEAN cohesion on trade and security matters).²

The lack of a more comprehensive reorientation in the Chinese approach to Europe is also influenced by Beijing's view of the continent as a zone of instability after the Cold War ended. The images created by the fall of Communism in Eastern Europe and, especially, of the wars in Yugoslavia, still loom large in China, both among the leadership, as well as the general public. The extraordinary lack of specific knowledge even at higher levels in China about smaller European countries and their international and EU role, plays into this sense of shakiness and unpredictability. In this sense, the sovereign debt crises of 2011 play into a pattern already set by the past.³

The increasing Chinese concentration on Germany does not help, either, in a broader policymaking sense. Though the Chinese often attach great significance to the fact that roughly half of EU exports to China are German in origin, Germany does not have the influence on the Union's foreign policy-making towards the outside world that Beijing often expects. In Europe, as we know, being bigger, richer, and more populous does not necessarily translate into the kind of foreign policy prowess that the Chinese expect. Looking at Chinese policymaking in a wider context, this parochial misapprehension is in many ways a symbol of how difficult it has been for Beijing to develop a more sophisticated foreign policy towards Europe.⁴

Although Europe as a whole is doing better in terms of knowledge about China than vice-versa, neither of the two sides show any of the well-developed mutual comprehension that exists between China and the United States. Without significant improvement in this regard, both through contacts between policymakers and within academia, it is unlikely that the issues in the Sino-European relationship that are dealt with below will move towards a more broad-based resolution. Both sides need to realise that for closer relations to develop, more knowledge – much beyond the pro forma – is essential.

ECONOMIC ISSUES

At present, the economic interaction between Europe and China is by far the most important aspect of the relationship. Since 2004 the European Union has been China's largest trading partner, and overall economic relations have been expanding rapidly. EU foreign direct investment in China is at an all-time high, reaching €17.7 billion in 2011, and EU exports to China are growing faster than its imports.⁵ Chinese investments in Europe have grown rapidly, tripling 2009 and 2011 to €7.4 billion, across an increasingly wide range of sectors.⁶ The sovereign debt crises have led China to invest in European bonds, both for political and economic reasons. Nonetheless, even these investments are fewer and further apart than Eurozone governments would like to see.⁷

2 I am grateful to the LSE's Marie-Julie Chenard for discussions of this matter.

3 Natalia Chaban, Martin Holland, and Peter Ryan, eds., *The EU through the eyes of Asia*, (2007).

4 Massimiliano Andretta and Nicole Doerr, 'Imagining Europe: Internal and External Non-State Actors at the European Crossroads,' *European Foreign Affairs Review* 12(3) (2007), 385-400.

5 <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/china/>

6 Kenneth Rapoza, 'Chinese Companies Inching Into Europe', *Forbes* 10/6/2012.

7 See Bernadette Andreosso-O'Callaghan and Françoise Nicolas, 'Complimentarity and Rivalry in EU-China Economic Relations in the Twenty-First Century,' *European Foreign Affairs Review* 12, 13-38.

The present situation provides Europe with great opportunities in its economic relations with China. European products have substantial market potential in China, and the Chinese have the funds needed to invest in Europe. But the EU needs to prove that it is capable of developing a trade policy that responds to the present situation. As François Godement has correctly argued, the Union should respond to China's interest-driven economic policy with an interest-driven policy of its own. It should demand access on equal terms for European companies in bidding for large public projects in China; it should attempt to stimulate Chinese investment to where it is needed in Europe; and it should work with the emerging economies (and not just the United States) in developing trade policy with regard to China.⁸

In order to be successful, such a realistic approach to dealing with China's growing economic influence will depend on the development of the necessary instruments and on a high degree of inner cohesion. Europe today seems to be found wanting in both respects. Chinese observers marvel over the fact that the Eurozone is dependent on bonds issued by the various governments rather than by the European Central Bank. They know, of course, that Europe would be in a much stronger position vis-a-vis China if there were Eurobonds covering the whole common currency area (and they also suspect that some of the current crises could thereby have been ameliorated, if not avoided). Beijing also benefits from the lack of coordination between member states and between them and Union officials on issues related to China. Although steps have been taken to improve the EU's international coherence on Asian matters, the current set of crises within the EU structure will not help in creating a more coherent and coordinated EU policy.

In addition to realistic aims, however, the EU also needs to grasp what is the deeper background for Chinese policies on trade and investment. The Chinese Communist Party (CCP) needs to deliver growth in order to stay in power. In order to do so, it must have access to foreign markets, of which the EU at the moment is the largest. But the CCP does not want to be seen as giving up political positions in the process of acquiring what it needs. On the contrary, the EU needs to be prepared for a China that does not always act in strict conformity with its immediate economic aims, as the country has shown in its recent relations with ASEAN and the Southeast Asian region. Issues concerning human rights, the environment, and especially its relationship to the United States in international organizations, may all affect China's economic policies. As a result, it is important to have enough knowledge to be able to identify China's political preoccupations and – if need be – turn them to Europe's advantage with regard to trade and investment.

As history often shows, the challenge for a realistic economic policy will be handling the middle-term perspective, five years or so down the road. As China's economic power grows, so will its appetite for getting political concessions in return for economic cooperation. But such policies will not necessarily be something that China gains from. On the contrary, one of China's bigger problems will be how to integrate its immediate interests with its growing global power in Europe and elsewhere.

HUMAN RIGHTS

Current European policy on human rights in China is in a shambles. Instead of having a positive effect in China, it is seen by the CCP and its critics as inconsistent and self-serving, neither of which are far from the truth. In practice, the EU is split down the middle on how to deal with the issue, with France and Germany having given up its public criticism of China's human rights violations in the late 1990s in favor of 'quiet diplomacy'. Other European countries are taking the lack of elementary rights in China seriously, but are proceeding in a largely uncoordinated manner.⁹

⁸ See, for instance, François Godement and Jonas Parelló-Plesner, *The Scramble for Europe*, European Council on Foreign Relations Brief, 2011. http://www.ecfr.eu/page/-/ECFR37_Scramble_For_Europe_AW_v4.pdf.

⁹ For a general overview of the human rights issue, see Jing Men and Giuseppe Balducci (eds.), *Prospects and Challenges for Eu-China Relations in the 21st Century: The Partnership and Cooperation Agreement*, (2010).

In practice, member states are very happy to leave the heavy lifting on human rights issues with regard to China to the common EU institutions. In spite of efforts made recently by the European External Action Service (EEAS), there is neither the capacity nor the power within that department to deal with both policy development and coordination. Instead, a further harmonisation between EEAS and the human rights units in the Council Secretariat and the European Commission's China desk is needed to present a viable policy and help convince member states to adopt it.

The political core of such a policy must be that all member states should speak with one voice on the Chinese government's violations of international norms and of its own laws. Such practices have not disappeared with the overall strengthening of the Chinese legal system that has taken place over the past several years. If the EU is not seen as being consistent and honest on the issue, it will be very easy for Beijing to conclude that its government's lack of respect for citizens' rights is a matter of no consequence as far as its relations with Europe are concerned. Such a mistaken conclusion will necessarily lead to further difficulties in the European-Chinese relationship at a later stage.

ARMS EMBARGO

The arms embargo that the EU imposed on China after the Tian'anmen events of 1989 has become an embarrassing example of the EU's political impotence. While the embargo had a political effect in the 1990s, it is very doubtful whether that is the case today. On the contrary, it has come to undermine parts of the EU's political leverage with regard to China, having become a prime exhibit in the CCP's domestic presentation of the outside world's hostility. Because of the different positions taken by member states, however, it has been impossible for the EU to achieve what Cathy Ashton has suggested – namely, to remove the embargo in return for the deepening of cooperation with China on security issues, including those that relate to China's policies towards its neighbours in Korea and Southeast Asia, and its policies on Taiwan.¹⁰

The most important link that the EU could make to such a lifting of the embargo would be Chinese compliance with international efforts to prevent Iran from becoming a nuclear weapons power. Although China's support of Iran is not in itself at this stage crucial for the Iranian nuclear program, such a change in Chinese policies would send a very strong signal to the regime in Teheran. And even if it would slow down rather than end Iran's efforts, it would still give EU external policies a new relevance, both in the Middle East and in East Asia.

Removing the embargo would also be a way for the EU to get out from the shadow of the United States on its China policy. This is no aim in itself – on the contrary, US-European cooperation with regard to many China-related issues is important and wise. But the sense that has developed over the past five years – that individual European governments are keeping the embargo in place first and foremost to please the United States – is unhealthy. Americans and Europeans can only truly cooperate on China if each acts out of political conviction rather than expediency.

At present, the embargo does not serve Europe's own security interests. Europe does not want to see a closer Sino-Russian partnership on advanced weapons' systems, which seems to be in the making in part because of the US and European embargos. Between 1991 and 2010, over 90 percent of the heavy conventional weapons imported into China came from Russia, as the EU embargo created a windfall for Russian companies.

¹⁰ For an excellent overview of the arms embargo issue, see Nicola Casarini, *Remaking Global Order: The Evolution of Europe-China Relations and Its Implications for East Asia and the United States*, (2009).

With the modernization of China's defence industry one of the main goals of the PRC's new five-year plan, Beijing is set to increase its imports of state of the art equipment.¹¹ While nobody believes that China will turn to European arms manufacturers for imports immediately after the embargo comes to an end, such a decision would at least prevent Russia from getting unnatural advantages in terms of its arms industry.

CLIMATE CHANGE

EU leaders know that if Europe's global position is going to become more significant, they need to play a leading role on key issues, such as climate change policies. They also know that dealing with China is currently the main arena within this sector, and it will remain so, as long as the United States remain gridlocked internally. In spite of its lack of leadership during the Copenhagen summit, the EU has real opportunities to influence China on environmental issues, both in technological, as well as policy terms. What remains to be seen is whether European leaders are willing to invest enough in their direct relations with China on this issue in order to make use of its advantages.¹²

While still being the world's largest polluter, China has come a long way in realising the need for energy efficiency and a reduced use of fossil fuels. The new five year plan from 2011 sees sustainable growth as a real priority, and the potential for working with Europe – and European companies – in furthering this aim will be seen by Beijing as very large indeed. In technological terms, the European shift towards decarbonisation has now led to China looking much more to Europe than to the United States for the means to further its own goals.

There are, of course, significant difficulties in the relationship between the two in this field as well. China will not give up its main polluting energy production or industries, as long as the United States is not willing to reach reasonable and comprehensive international deals. The EU is rightly critical of Chinese double-talk, in which it pledges long-term support for lofty international aims, while opening new coal power stations every day. Also, the EU still has internal problems with support for some of the aims that the Union has already signed up for.

Even so, climate change policy is an almost unique field in which Sino-European cooperation may lead the way towards broader international deals. While the US position shows how impotent the Americans have become on some global issues, Beijing and Brussels are increasingly leaning in similar directions, both in terms of their view of the current situation and on at least some of the remedies. There is reason to believe that further progress may be made in direct talks over the next two years, unless other bilateral issues get in the way. And if European negotiators dealing with China (and to a lesser degree, India) are able to arrive at measures that will later become binding targets for multilateral solutions, then some of the experience of the EU as an integrationist project will have come to use on a global scale.

¹¹ Richard Rousseau, 'The Tortuous Sino-Russian Arms Trade', CESRAN Analysis 8/6/2012. http://cesran.org/index.php?option=com_content&view=article&id=1462%3Athe-tortuous-sino-russian-arms-trade&catid=57%3Arussiaeurasiaanalysis&Itemid=312&lang=en

¹² For an overview of the issues, see Constantin Holzer and Haibin Zhang, 'The Potentials and Limits of China-Eu Cooperation on Climate Change and Energy Security,' *Asia Europe Journal* 6(2), (2008), 217-227.

CONCLUSIONS AND UNCERTAINTIES

Some of the development of the relationship between China and Europe will be not be decided by either of the two. A key role in Sino-European relations over the next decade will – perhaps ironically – be played by the United States. How Washington behaves towards both regions during a time in which its political leadership will be tested, and its relative economic position weakened, will be of crucial importance for the future. But American behavior will also define much of the room for maneuver between the two other main poles in world politics. If the United States attempts to reassert its hegemony in Europe in wake of the economic crisis, the institutions of the EU may be further weakened, and differences within the Union – including on foreign policy – exacerbated. If, on the contrary, leaders in Washington will try to build more cooperative relations with the EU as an institution, both on economic and political issues – and avoid any whiff of protectionism, currency wars, and limiting access to technology, as the situation currently stands in light of the crisis – then a more coherent European approach to the rise of China may be expected.

Internal factors will, of course, also play key roles. How the sovereign debt crises in Europe are solved will set some of the pattern of interaction with China for the next decade or more, especially given the Chinese predilection for viewing the continent as a crisis zone. The solution to the Chinese government's problems with a lack of internal political legitimacy will also be crucial. If the CCP allows a gradual introduction of political pluralism and participation, then its interaction with Europe will be much easier to develop in the medium term. While these obstacles are key to the future, however, neither of them should stand in the way for the kind of deepening interaction that the two sides need over the coming decade both in political and economic terms.

The global shift in wealth and power from west to east seems at the moment to be happening faster than most experts believed only a year ago. For Europe, even more than for the United States, such a change is an immense challenge to its future prosperity and stability. The solution will be found in developing, on a global scale, the knowledge in terms of growth and technology that Europe has accumulated over generations. But for such an approach to be fully implemented, the EU will need a much larger direct engagement with China, and with other emerging economies, than it has had up to now. ■

➤ No Longer Inevitable? The Transatlantic Relationship from Bush to Obama

Michael Cox

Until recently, the relationship between the United States and Europe constituted one of the most intimate in modern times. Indeed, as we ‘over here’ love reminding our American friends ‘over there’, the United States was in the beginning a mere by-product of Europe – initially created by a rising European power in the form of Great Britain, then born out of a long war between Britain and France, and finally transformed into a world power in large part because of large-scale European migration between 1814 and 1914. Europe’s long twentieth century crisis, however, had a massive impact on the balance within this relationship, and by 1945 not only had Europe lost its place at the head of the international table but had become highly dependent on the United States itself. Still, in uncertain times, the US continued to need as many friends as it could muster, and whether one prefers to view the nature of the post-war relationship in the more liberal sense of being a ‘community’, or in more realist terms as being one in which an American hegemon dictated terms to weak dependencies, matters less than in recognising how important the relationship was to become to both countries during the Cold War. Thus, Europe needed the US to survive in a bipolar world: the United States, however, required Europe in order to protect that world from the threat posed by its many anti-western enemies around the world.

This short article says nothing about how the Cold War was fought, or how Europe and the United States then managed to navigate their way from one era of more or less Cold War unity (sometimes more and sometimes less) to another, where the relationship had to be sustained without a clear and present danger. What it does do is something more immediate: namely, examine the problematic impact that the ‘war on terror’ had on the relationship during the G.W Bush years, and then how that relationship fared during Obama’s first term. At one level, the conclusion I arrive at is hardly an original one: what Bush lost, Obama helped restore. Yet, in spite of the Obama bounce, not to mention Obama’s self-evident popularity in Europe in a more fundamental way (and for reasons I will explain), the relationship has become a more fragile one. Its longer term health will therefore require some careful nursing in the years to come. It is no longer the ‘inevitable’ alliance.¹

¹ See Vittorio Parsi, *The Inevitable Alliance: Europe and the United States Beyond Iraq*, (2006).

BACK TO THE FUTURE: 'THE WAR ON TERROR':

If the end of the Cold War represented formal closure on one era, then so too – in many American eyes – did the attacks on the United States on September 11, 2001. Indeed, as the dust began to clear from the streets of downtown Manhattan, a raft of born-again, mainly conservative, pundits emerged from under the rumble to declare the bloody end to a decade of 'drift and lethargy' that had left America at sea and the West without purpose. Each crisis in history produces its own particular version of the immediate past; and so it did once again in the days and months immediately following 9/11. As Condoleeza Rice reportedly declared a few days after the attack, the United States in 2001 (as it had been half a century earlier) was once again 'present at the creation' of a new international order.

There has of course been a vast literature describing the response by the Bush administration to the attack on the Twin Towers and the Pentagon, the bulk of it being highly critical.² But what has often been left out of the discussion is how much the Bush administration, faced with what it regarded as a quite novel historical conjuncture, constantly returned to history in order to make sense of what it was doing.³ Referencing the 'surprise attack' at Pearl Harbour carried the important message that when ruthless men did unspeakable things to the United States, they had better beware the consequences.⁴ But it was the Cold War, more than any other historical experience, that was compelled to do most of the heavy lifting, so much so, that in a relatively short space of time a number of pundits began to talk of the 'war on terror' as representing something akin to a new Cold War. National security was now back at the top of the policy agenda, led by a 'war President' advised by a group of officials who had been Cold War warriors themselves.⁵

Within the Bush team, the purpose of looking back was less to reflect seriously about the past, and more to establish frameworks within which it could now legitimise its own policy decisions. In the process, it did what all administrations had done since the end of the Second World War: derive the lessons it wanted to draw and ignore those that complicated the telling of a particular tale. That said, the tale it narrated had its own appeal. It began with the end of the Cold War itself. Here the Bush administration was anything but subtle. The defeat of Soviet communism, it repeated, represented a massive victory for the United States and the West, but had left it the sole remaining superpower without a mission.⁶ As one well-known American historian close to the Bush White House pointed out at the time, the US might have won the Cold War; but in the process, it had become a nation lacking a grand strategy.⁷ Now, at a stroke, the vacuum had been filled by the challenge posed by global jihad. Here was the almost perfect antidote to western complacency, and what some around Bush viewed as an America grown decadent in the era personified by Clinton.

If 9/11 provided what looked like a solution to what some regarded as America's strategic vacuum, the Cold War also offered the Bush White House a ready-made supply of easy arguments about what to do next.⁸ Bush himself was highly selective in terms of what he chose to learn and from whom. Unsurprisingly, the Cold War President whom Bush clearly tried to learn the most from was Ronald Reagan – republican hero, enemy of the original 'evil empire' (and it was of course no coincidence that Bush himself later talked of an 'axis of evil') and the ultimate reason (at least according to the American right) why the Soviet Union had finally been consigned into the proverbial dustbin of history. Like Reagan, Bush believed in establishing clearly defined positions of strength. Moreover, there had similarly been many around Reagan who were

2 See in particular Bob Woodward's four best-selling books on the Bush administration, why it decided to liberate Iraq and how then it became defined – some would argue undermined – by that decision. *Bush at War*, (2002) describes the path to war with Afghanistan following September 11. The other three volumes deal with Iraq both directly and indirectly: *Plan of Attack*, (2004); *State of Denial: Bush at War*, (2006); and *The War Within: A Secret White House History (2006–2008)*, (2008).

3 Jeffrey Record, 'The Use and Abuse of History: Munich, Vietnam and Iraq', *Survival* 49(1), (2007), 163–180.

4 'The Pearl Harbor of the 21st century took place today', Bush noted in his diary on the night of September 11th 2001. *Bush at War*, 37.

5 James Mann, *Rise of the Vulcans: The History of Bush's War Cabinet*, (2004).

6 Michael Cox, *US Foreign Policy after the Cold War: Superpower without a Mission?*, (1995).

7 John Lewis Gaddis, 'A grand strategy', *Foreign Policy* 113, (2002), 50–57.

8 Barry Buzan, 'Will the 'Global War on Terrorism' Be the New Cold War?' *International Affairs* 82(6), (2006), 1101–1118.

anything but 'realist' in international outlook. Perhaps as a result, both sought to challenge the status quo: one by trying to move beyond containment, and the other by questioning America's traditional reliance on authoritarian regimes in the Middle East.

Reagan the Cold warrior, and indeed the Cold War more generally, thus served as a significant point of reference for the Bush team. As many inside the Bush administration readily conceded, having a clear threat was not without its advantages. It would remind Americans that the world remained a very dangerous place. It would permit a rapid buildup of US military power. It would justify a more assertive foreign policy. And, as a bonus, it might even help revive that battered ideological edifice known colloquially as the 'West'. Islamic terrorism was not exactly the same thing as communism, but in its own way, it might serve a similar purpose. Indeed, when the day after 9/11 NATO invoked Article 5, insisting that the attack on the United States had been an attack on all, it very much looked as if the West had never been so united. On issues such as the 'Islamic' threat in particular, and views about Moslems more generally, publics on both sides of the Atlantic did appear to be looking at the world in very similar ways.⁹

CRACKS

Still, even in the midst of all this solidarity, cracks began to appear; and as time went by and the war against al Qaeda segued into a wider war against those states who formed part of what Bush termed the 'axis of evil', relations began to fracture badly. Robert Kagan's influential essay in 2002 explained that the divide was not about personalities or policies; rather it was about the different kinds of international entities the United States and Europe (the EU in particular) had become since the end of World War II. America, he noted, was the only superpower with global reach, international responsibilities, and a military capacity to match its commitments. Europe, on the other hand, was primarily concerned with making peace and building a new kind of Europe following its own disastrous history before 1945. In his own much-quoted words, Americans were from Mars and European were from Venus, having become peace-loving Kantians constitutionally incapable of using force when necessary to address serious international issues.¹⁰

The discussion about the sources of what was fast becoming a profound breach in the transatlantic relationship continued unabated through most of the Bush presidency. But another, equally profound difference, began to emerge too, but having less to do with power and more with the very different ways Europeans and Americans seemed to construct the threat of terrorism itself. Terrorism, it was agreed, was a massive problem. But when Bush began to talk of a global 'war' against terror, critical European voices started to be raised. As Michael Howard pointed out in an early, but highly influential critique, the idea of a 'war on terror' was a dubious one. Not only did it lend legitimacy to Al Qaeda; it also presupposed an extended conflict that might continue ad infinitum. The notion was also strategically incoherent. No state or group of states could declare war on a method, and nor should they try to do so.¹¹ Even the Bush team at times seemed unsure of how to frame the problem. At one point, the administration even replaced the notion of a global war against terror (GWOT) with the apparently less offensive idea of a 'long war'.¹² At one level, such rhetorical framing mattered not one jot. However, it did point to (at best) a lack of strategic clarity, and (at worst) to a lack of confidence in what the US and its allies were supposed to be uniting against.

9 '56 percent of Americans and Europeans do not feel that the values of Islam are compatible with the values of democracy'. *Transatlantic Trends*, (2006),

4. 'Large numbers of Americans and Europeans agree on the importance of global threats with the largest increase over the year in those who see Islamic fundamentalism as an 'extremely important' threat.' *Transatlantic Trends*, (2006), 4; 7-8.

10 Robert Kagan, 'Power and Weakness,' *Policy Review*, No. 113, (2002).

11 Sir Michael Howard, 'What's in a Name? How to Fight Terrorism', *Foreign Affairs* 81(1), (2002), 8-13.

12 See 'Abizaid credited with popularising the term 'long war'', *Washington Post*, 3/2/2006. President Bush also sought to place the enemy in the camp of fascism, hence his brief use of the term 'Islamofascism' to describe jihadists of all shapes and sizes.

This, in turn, raises a second, more theoretical issue about whether or not it is possible to sustain any kind of strategic alliance against something as nebulous as 'terror'. Here the comparison with the way alliances have been forged in the past, and the way this new alliance was being put together, bears serious comparison. Alliances may be formed for many different reasons, but one, clearly, has to do with the existence of a credible threat. Barry Buzan observed that 'while serious, the terrorist threat' simply lacked the 'depth of the Soviet/communist one' – and the key reason it lacked such depth, of course, was that that it had no tangible reference point in the shape of a well-defined state with serious power capabilities.¹³ Furthermore, in different countries at different times, the threat was perceived in very different ways. Thus immediately after the London bombings of 2005, British opinion was decidedly hawkish, but this reaction soon fell away once the dust had settled. Meanwhile, elsewhere in Europe where no such attacks had occurred views tended to range from the complacent to the war weary.

To complicate matters even further, there was (until Obama's election) a growing belief on one side of the Atlantic at least, that the Bush administration was manipulating tensions created by the security situation either to build a new American 'empire' (a most popular term in Europe between 2001 and 2008) or to further his own political ambitions. The fact that the war on terror helped get the republicans re-elected in 2004 hardly helped generate consistent, across-the-board support for US goals, especially in Europe.¹⁴ Nor did scandals such as Abu Ghraib and Guantanamo. Indeed, it was not just the decision to go to war against Iraq that caused such consternation in Europe. It was also what looked to most European as being Bush's abandonment of the core values closely associated in their minds with the idea, and indeed the ideal, of the West.¹⁵ Threat perception is a delicate thing and if ordinary citizens – not to mention influential opinion-formers – feel they are either being sold something phony or dubious, it makes waging any kind of war much more difficult.

CONSENSUS?

This brings us, then, to the question of Islam itself and the problematic ideological source of 'jihad'. Here again, the global war on terror involving the wider Atlantic community faced significant, perhaps insurmountable, obstacles in creating anything like a consensus. There were at least three reasons why.

First, radical Islam, unlike communism, had and has only limited ideological appeal. It is not, in other words, a universal threat. Consequently, it was much less likely to have the same uniting and mobilising capacity as communism. Second, the overwhelming majority of Muslims (unlike the overwhelming majority of communists during the Cold War) did and do not seek the overthrow of the various states in which they happened to be living. Indeed, as opinion polls in the West have shown, while ordinary Muslims may not approve of western interventions in the Middle East, only a tiny minority is prepared to translate that criticism into militant action. Third, though Islam may be defined by some in the West as 'the problem', policy-makers themselves understood that if jihad was to be successfully contained, the West had to seek some understanding with those states that were themselves Islamic in character. Even the United States was forced by the logic of its 'war' to seek alliances with at least two countries – Pakistan and Saudi Arabia – whose elites have either displayed some sympathy with the terrorists, or have been willing to use them for their own political purposes.

Finally, the 'war on terror' was launched into an international system that was altogether more complex in character than the somewhat simpler world that had been left behind in 1989. As Fred Halliday noted, the Cold War succeeded in forging accord between potentially fractious and competitive states not because the USSR was more powerful than America, but because the United States as the leader of the West was able

13 Barry Buzan, 'Will the 'Global War on Terrorism' Be the New Cold War?' *International Affairs* 82(6), (2006), 1112.

14 Simon Jenkins, 'They see it Here, They See it There, They See Al-Qaeda Everywhere', *The Sunday Times* (London), 29/4/2006.

15 Paul Wilkinson, 'International Terrorism: The Changing Threat and the EU's response', Chailot Paper 84, (2005), 17-18; 24-25.

to construct the world in such a way that other critical issues were either seen as being secondary, or could be folded into the larger East-West competition.¹⁶ This nesting of issues was to prove altogether more difficult in the first decade of the 21st century, as polls showed that until 2008 Europe populations, in marked contrast to the United States, regarded global warming as just as significant a threat to world order as terrorism. With the onset of the economic crisis in 2008, the focus shifted again, towards the profound uncertainties facing ordinary people, as they began to come to terms with the biggest material challenge to their lives since the end of World War II.

OBAMA TO THE RESCUE

The failed attempt to construct a new foreign policy paradigm that would unite allies and mobilise support on both sides of the Atlantic led to what can only be described as a profound political crisis, most obviously in Europe, where political elites continued to confront a tide of anti-Americanism, but also in the United States itself, where many within the foreign policy establishment were becoming only too aware of how much soft power support the United States was beginning to lose in Europe. Bush did make several attempts during his second term to repair the harm done in his first, but to little avail.¹⁷ It would, in the end, require a very different kind of American leader to make good the damage.

It is difficult to recall a time when the election of a new US President excited as much enthusiasm in Europe as did the election of Barack Obama in November 2008. Indeed, whereas Bush had found it increasingly difficult to visit Europe without a massive police presence to protect him from often violent anti-war activists, Obama on his early visits across the Atlantic was greeted with quite extraordinary enthusiasm. Even in France, where anti-Americanism had become an integral part of that country's national identity, Obama appeared to be able to do no wrong. In Germany too, the mood swung back from sullen opposition to US foreign policy to a recognition that someone very different espousing what many felt was an acceptable world view was now in charge. A year after Obama's election, a new and influential book appeared suggesting that far from Kagan's characterisation of competing world views and different attitudes to the uses of power, Americans and Europeans were in fact remarkably similar in outlook. Some may have liked to stress the differences, but did so not because they were especially great, but because they were in fact fairly minor. As it turned out, Americans and Europeans were more like each other than anybody else, and much more like each other than some conservative Americans or leftish Europeans would ever dare to admit.¹⁸

Obama's efforts in the early months of his administration to revitalise the transatlantic partnership both in word and in deed – Secretary of State Hillary Clinton argued in January 2009 that the US had no 'closer allies' than the Europeans¹⁹ – could not, however, paper over all the cracks. Even Obama himself, with his African father and radical white mother, never quite sounded like a natural 'Atlanticist'. Indeed, not only did he conclude that the US had to think in fresh ways that did not make it constantly hostage to events in the Middle East, but that in the world more generally the United States needed to find some very new partners. Moreover, these partners – not allies in the traditional sense – were more likely to be found in rising and prosperous Asia rather than in declining Europe, where profound problems were rendering the countries there more of a problem than a solution when it came to restoring health to the world economy. Nor was Obama sentimental when it came to thinking about the role America's European allies were playing, or rather not

¹⁶ Fred Halliday, *The Making of the Second Cold War*, (1984).

¹⁷ Adam Quinn and Michael Cox, 'Fear and Loathing in Brussels: The Political Consequences of Anti-Americanism', in R. Higgot and I. Malbasic (eds.), *The Political Consequences of Anti-Americanism*, (2008), 93-107.

¹⁸ Peter Baldwin, *The Narcissism of Small Differences: How America and Europe are Alike*, (2009).

¹⁹ Hillary Clinton, Remarks during Senate Foreign Relations Committee Hearing, 13/1/2009. <http://www.state.gov/secretary/rm/2009a/01/115196.htm>.

playing, in NATO. When his own Secretary of Defence stepped down from office in June 2011, he expressed quite openly what Obama must have been thinking privately: that NATO had, in effect, become a 'two-tiered' alliance poorly equipped and too divided to deal with the challenges facing the world in the 21st century.²⁰

The sense that Europe was becoming less useful as an ally and thus beginning to matter less to the United States was made clear by an opinion poll published in the United States two years into the Obama presidency. The results were worrying for those concerned about the health of the transatlantic relationship. The problem was not that Europeans were not doing enough militarily even within the framework of NATO (that was bad enough); rather, it was that Europe as a whole was fast losing its privileged importance in the eyes of a majority of Americans. Indeed, according to Pew, whereas 44 percent of Americans in 2001 regarded Europe as being of the greatest importance to the USA, ten years on it was now Asia that was viewed as being more central.²¹ Moreover, within the state system as a whole, it was now China, and not, say, more traditional allies such as the UK or Germany, that was increasingly seen as being more crucial to America's long-term national interests. Nor was this new interest in Asia and China confined to the American public. In the academic world, book after book, and article after article dissected the supposed power transition now underway in Asia. In the popular press, the number one story was China's rise and what this was going to mean for the United States: economic opportunity, strategic threat or a combination of the two? Either way, there was no getting away from the fact that in the United States views about the world were changing, and changing in ways that were starting to generate some nervousness on the other side of the Atlantic.

Yet it was what American policymakers began to say and do that set alarm bells ringing most and, in particular, their repeated reference to a new Asia pivot, in what some were predicting would become a new Asian century - that started to concern Europeans most. Secretary of State Hillary Clinton could not have been more explicit. The United States, she argued, had been for too long preoccupied with threats arising from within the wider Middle East. Now it would be turning its attention more and more towards Asia - in part because this was where the future lay, in part because it was in Asia where real growth was to be found, and in part because Asia was home to two of the world's rising superpowers in India and China. Clinton also made it clear that she was breaking from the tradition that hitherto had led Americans to always think of Europe first, and would now be making Asia her top priority. She even emphasised how many trips she had already made to Asia by late 2011 (seven in all) before going on to outline in some detail why America had always been, and doubtless would always remain, an Asian power. Clinton's bold vision certainly made for exciting reading. However, it had the presumably unintended consequences of upsetting two very distinct audiences: the one in Beijing who saw it as nothing less than a manifesto of containment directed against China; and the other one in Europe, who felt that Europe had become invisible. It was not at all clear where Europe would fit into this brand new order of rapidly shifting partnerships. Moreover, if the world was going to be defined by what transpired in Asia, as Clinton most clearly suggested, then what exactly was the purpose of the Transatlantic relationship? No answers were provided, but the implication was clear: in a new international order where alliances were, in her words, being updated to cope with the challenge posed by China, more established relationships would almost certainly become increasingly marginal. A new world beckoned.²²

20 Robert M. Gates, 'The Security and Defense Agenda (Future of NATO)', Brussels, 10/6/2011. <http://www.defense.gov/Speeches/Speech.aspx?SpeechID=1581>.

21 Pew Research Centre for People and the Press, 'Strengthen Ties With China: But Get Tough on Trade', 12/1/2011. <http://pewresearch.org/pubs/1855/china-poll-americans-want-closer-ties-but-tougher-trade-policy>.

22 Hillary Clinton, 'America's Pacific Century', *Foreign Policy*, November, (2011).

CONCLUSION

Two great moments stand out in the history of the transatlantic relationship since the end of the Cold War: one that divided allies because one of those allies – the United States under President Bush – chose to respond to terrorism in ways that many Europeans within the western alliance were unable to accept; and another that has led the same ally to conclude that in a world where economic power is shifting eastwards towards Asia, the transatlantic relationship is bound (at worst) to become irrelevant, or likely (at best) to become far less important. Catalysing this latter feeling in the US has been the apparently unending economic crisis within Europe itself. It is bad enough, Americans argue, that Europeans fail to deliver anything like enough when it comes to international security. But it is almost unforgivable when Europe then fails to do what it could at least claim to have been doing from 1945 onwards: delivering prosperity to its own people while helping engineer growth in the larger world economy.

How seriously should Europeans be taking all this? After all, in spite of their separate economic woes, the economic relationship between Europe and the United States still remains crucially important.²³ Europe still shares a whole raft of values with the United States and the United States with Europe. And, for all its weaknesses and inadequacies, the NATO alliance continues to be the only serious multilateral military alliance in the world today – one from which the United States as much as the Europeans still derive enormous benefit. Still, it would be foolish to ignore the warning signs by hiding behind the old transatlantic mantra that in a world of uncertainty the democratic West needs to stay united. As we have seen, the West has been anything but over the past ten years. Nor is there much comfort to be drawn from the current foreign policy debate in the United States itself. Obama may sound acceptable to European ears; but he remains a quintessential American president, and one who obviously does not look at the world in traditional 'Atlanticist' ways. Nor, increasingly, do other Americans. Indeed, when his political opponents on the right attack him not just for being not American enough, but for being much too like a European, Europeans should sit up and take note. The old certainties, and in part the old diplomacy, that held the western alliance together no longer pertain; and the sooner Europeans recognise this, the sooner they will be able to forge a new role for themselves in a fast changing world. The answer lies in their – and nobody else's – hands. ■

²³ Daniel Hamilton and Joseph P. Quinlan (eds.), *The Transatlantic Economy 2012*, SAIS, John Hopkins University, (2012). <http://transatlantic.sais-jhu.edu/transatlantic-topics/transatlantic-economy-series.htm>

➤ Visions for Europe

➤ A European Conception of Security

Mary Kaldor

There is general agreement that Europe has to go forwards or it will go backwards. There are concerns that a political union, which might be necessary to save the euro, would mean a further loss of national sovereignty, and that the European Union might become a new superpower. Within national capitals, politicians have for so long blamed Europe for difficult decisions, that they feel unable to mobilise political support for any new steps towards integration.

There is currently much hand wringing about the decline of Europe. Of course, it is true that the rapid growth of China and India has shifted the economic centre of gravity.¹ Nevertheless, Europe remains the biggest economic bloc and a continuing source of economic, cultural and political innovation. But its economic weight is not matched by an ability to act politically because of the widespread reluctance to further the European political project.

In this essay, I argue that fears about Europe becoming a superpower and overriding national sovereignty are unfounded because the European Union is a new non-state form of political authority, a new type of polity, that could offer a model for global governance. Going forward is, therefore, critical not just for Europe, but it could also contribute to the development of new political mechanisms capable of addressing the global challenges of our time. In particular, I suggest that Europe's distinctive security approach, if taken seriously, could help to establish a constructive European role in the world. Europeans invented the nation state model – a model that had huge advantages in terms of economic development, but which also culminated in two world wars and the Holocaust. The European Union has been developed through trial and error in reaction to that experience, and that is why it constitutes a new type of polity.

THE EU AS A MODEL FOR GLOBAL GOVERNANCE

In a celebrated article in 2002, Ian Manners described the European Union as a normative power.² This term seemed to contain three meanings. First, the EU is a normative actor, acting in global affairs in support of norms rather than interests. Second, the EU relies, in Manners' words, on ideational power, what Joseph Nye calls soft power rather than material (economic) or physical (military) power. Third, and intriguingly, it refers to 'the ability to define what is normal in international relations.'³ It is this third aspect that has most relevance in understanding the significance of the EU's role in global affairs.

The debate about norms versus interests is paralleled by the debate about geopolitics versus cosmopolitanism or, in IR terms, realism versus idealism. It can be illustrated by the debate about humanitarian intervention in the aftermath of the Cold War. Those who oppose humanitarian intervention on the left argue that concern about humanitarian issues is not motivated by universal values but is rather a way

1 Danny Quah, 'The Global Economy's Shifting Centre of Gravity' *Global Policy* 2(1), (2011), 3-9.

2 Ian Manners, 'Normative Power Europe: A Contradiction in terms?' *Journal of Common Market Studies* 40(2), (2002), 235 -58.

3 *Ibid.*

to legitimise geopolitical interests.⁴ This is an empirical claim about the way great powers behave. Those who oppose humanitarian intervention on the right make a normative claim that states ought to act in the national interest, that they should not interfere in the affairs of other countries unless doing so can fulfil some geopolitical goal. What the debate illustrates is the difficulty of distinguishing norms from interests, since interests are always framed in terms of norms. Thus the dominant US foreign policy narrative is expressed in terms of a moral story about the United States acting in support of freedom. Foreign policy may or may not be shaped by interests but those interests are given meaning in terms of what is widely viewed as good or evil. The question is therefore not norms versus interests but the rather way norms are defined.

Both the US and the EU share a commitment to democracy and human rights. Where the EU differs from the US in terms of norms is in its overriding commitment to peace and the spread of international law. This difference derives from different historical experiences. For the United States the victory in World War II was a foundational moment ushering in a golden age of American hegemony aimed, at least in theory, at the spread of democracy and prosperity. According to this view of the world, military power is an important instrument for the promotion of democracy and human rights. For most members of the EU, the Second World War is remembered with shame and horror. The founders of the EU were primarily concerned with the construction of a multilateral system that could prevent war, genocide and imperialism in the future. Hence the interest of the EU is framed in terms of preventing war and fostering interdependence and, as I shall argue, the dominant foreign policy narrative is cosmopolitan rather than geopolitical.

There is a parallel here with the behaviour of what Asle Toje calls small powers. Small powers do not have the capabilities of great powers but are nevertheless 'system-influencing' states. Precisely because they lack the capabilities of great powers they define their interest in terms of international norms, or to put it another way, since they could never win in a war with a great power, their interest is the prevention of war. Small powers contribute disproportionately to the construction of international institutions, to peace building and global development; they favour the strengthening of international law. The European Union acts in a similar way, not so much because of lack of capability but because 'of fears of Westphalian sovereignty and balance of power and of the consequences they had for European stability prior to 1945.'⁵ In other words, if US interests are expressed in normative terms, the EU promotion of norms is seen as being in the European interest.

A similar and related difficulty arises with the definition of normative power as communicative power (Habermas) or soft power (Nye) or power over opinion (E.H.Carr). Both economic and military power are forms of communication. The perception of American military power stems largely from the memory of the American victory in 1945. The huge military arsenal serves to remind us of that victory; it is meant as a signal. The concept of deterrence is a communicative concept. The actual use of military power in Vietnam, for example, or more recently in Iraq and Afghanistan, has hugely dented the perception of military strength and done great damage to the reputation on which American power rests.

Those who oppose the acquisition of military capabilities by the EU fear that the EU will become a superpower on the American model. This presupposes that military power consists of the type of capabilities possessed by the United States, designed for fighting a war against other states. But as I shall elaborate in the next section, there is a role for military capabilities in enforcing peace and upholding human rights that is very different from classic war fighting. In other words the issue is not military versus communicative power, even though there is a shift in the balance between coercive and persuasive instruments, but what kind of power, that is to say, what is being communicated through the use of military tools.

4 For example see Noam Chomsky, *Military Humanism*, (1999) and Mahmoud Mamdani, *Saviours and Survivors*, (2009).

5 Asle Toje, 'The European Union as a Small Power', *Journal of Common Market Studies* 49(1), (2011), 55

A parallel argument can be made with respect to economic power. In the first two decades after World War II, the US used its massive economic power to spread markets and prosperity through its insistence on an open international trading system and generous aid. As the US began to lose its competitive edge, it increasingly began to act unilaterally, sucking in resources from the rest of the world through growing indebtedness made possible because of the privileged role of the dollar. Most of the world now considers that American economic power is used for the sole benefit of Americans, whereas earlier it had been perceived as a contribution to global development, especially in Europe, the recipients of Marshall aid.

So what distinguishes the European Union from traditional great powers is not norms versus interests nor hard versus soft power, rather it is the nature of its political authority and how this influences the way interests and power are framed. Manners calls the EU a hybrid polity, a new form of regional governance designed not to displace the nation-state but to constrain its dangerous tendencies for both economic and military unilateralism; it adds a new layer of political authority rather than establishing a new pole of political authority. It is a multilateral institution but goes beyond internationalism (between states) to possess an element of supranationalism (beyond states). This new form of authority necessarily acts in support of the spread of similar types of authority and therefore it has an interest in preventing wars and strengthening international law. This type of authority also depends more on economic and communicative tools than on military capabilities, because its interest is dampening down and preventing violence rather than winning. As Manners puts it, 'the different existence, the different norms, and the different policies the EU pursues are really part of redefining what can be 'normal' in international relations.'⁶

THE ROLE OF CSDP

From the beginning of the European project, there was a tension between the conception of the EU as a future superpower, a bigger nation-state, able to challenge American hegemony and the conception of the EU as a new type of global actor. At the heart of that tension was the acquisition of military capabilities. The proposal to create a European defence community 1954 was defeated by a combination of those who wanted to preserve the nation-state and those who opposed militarism. This unholy alliance between old-fashioned nationalists and anti-war activists has been reproduced in recent years in the French and Dutch no-votes in the referendum on a European constitution.

The European Security and Defence Policy (ESDP), now the Common Security and Defence Policy (CSDP), has been in existence since 2003. It was proposed at the Anglo-French summit in St Malo in 1998, during the Kosovo crisis, when the British withdrew their opposition to the acquisition of military capabilities by the European Union because of frustration at American unwillingness to commit ground troops. From its inception ESDP was different from a classic national security strategy. It was confined to the so-called St Petersburg tasks – humanitarian and rescue, peace-keeping and crisis management – as opposed to classic territorial defence, which was seen as the preserve of NATO and of individual nation-states. The European Security Strategy of December 2003 emphasised the multilateral approach of the European Union and insisted that in 'contrast to the visible threats of the Cold War, none of the new threats are purely military; nor can any be tackled by purely military means.'⁷ Since its inception, ESDP has involved military-civilian cooperation; it established a military-civilian planning cell and it has pioneered civilian crisis management.

6 Manners, 'Normative Power Europe', 253.

7 <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf>

At the time of writing there have been 25 ESDP missions, of which 14 are ongoing. Roughly half of these have been purely civilian, involving monitoring (Aceh and Georgia) or rule of law and policing missions.⁸ Where there have been military missions, the military have been used for the protection of civilians as opposed to war-fighting, for example in the Democratic Republic of the Congo (DRC), where missions aimed at stabilisation, civilian protection and providing security for elections saw European forces consult widely with local citizens and act robustly to prevent attacks on the opposition, thereby establishing their neutral credentials.⁹

THE HUMAN SECURITY DOCTRINE

In the Barcelona and Madrid Reports of 2004 and 2009, a study group composed of practitioners and scholars from all over Europe which reported to Javier Solana, the then High Representative for Common Foreign and Security Policy, proposed that the European Union should explicitly adopt a human security approach. Instead of military forces on the nation-state model, the EU's external security capabilities would consist of combined military and civilian forces, under a civilian command, designed to contribute to global security and operating according to a set of principles that contrasted with the way classic military forces are used.

The concept of human security was originally put forward by the United Nations Development Programme (UNDP) in its Human Development Report of 1994, which defined security in terms of all life threatening harms and emphasised the importance of development as a security strategy.¹⁰ Human security was defined in terms of the security of individuals and the communities in which they live rather than the security of states and borders. However there are widely different variants of the concept that depend on what is meant by security. The Barcelona and Madrid reports focussed on violent situations, in contrast to the original broad UNDP definition which defined security in terms of all life threatening harms and emphasised the importance of development as a security strategy. But in contrast to the narrower Canadian definition that focuses on political violence, they addressed a range of interrelated forms of violence (armed conflict, human rights violations, organised crime) as well as the ways in which these had to be understood in terms of economic and social factors.

What distinguished the study group's concept from other variants of human security was something specifically European – the notion that internal security is not so very different from external security. For the nation-state, internal security, based on the rule of law and policing was sharply differentiated from external security based on the defence of borders and interests using military capabilities. For the European Union, security among European states has been achieved through enhanced multilateralism and the extension of cosmopolitan law (international law relating to individuals) and this, of course, is what has made it this new type of non-state political entity. Essentially human security is the outward extension of the European Union's internal method of bringing about peace among European states. It involves enhanced multilateralism and the strengthening of cosmopolitan law. It requires capabilities that are more like domestic emergency services (police, firefighters, health services) than traditional military forces. But some military skills are required since what is known as robust policing is necessary if the EU is to contribute to the prevention and/or dampening down violence in other parts of the world.

⁸ <http://www.consilium.europa.eu/eeas/security-defence/eu-operations.aspx?lang=en>

⁹ Mary Martin, 'The European Union in the Democratic Republic of Congo – a force for good?' in Mary Martin and Mary Kaldor (eds.), *The European Union and Human Security: External Interventions and Missions*, (2010).

¹⁰ United Nations Development Programme (UNDP), *Human Development Report*, (1994).



Six Principles of Human Security

THE PRIMACY OF HUMAN RIGHTS

In human security operations, the goal is protecting civilians, not defeating an enemy. This means that human rights, including the right to life, education, clean water, and housing must be respected – even in the midst of conflict; so-called collateral damage is unacceptable.

LEGITIMATE POLITICAL AUTHORITY

In the long run, human security can only be provided by local authorities whom people trust. The job of outside forces is to create safe spaces where people can freely engage in a political process that can establish legitimate authorities.

A BOTTOM-UP APPROACH

In the end, it is the population affected by violence and insecurity that are the ones who have to solve their problems. That is why rather than working solely with international NGOs and exiles, outsiders must engage local experts and civil society groups.

EFFECTIVE MULTILATERALISM

If outside forces are to have the consent of the local population, they must also be seen as legitimate, which requires them to operate within the framework of international law, usually under a UN mandate.

CLEAR TRANSPARENT CIVILIAN COMMAND

In human security operations, civilians are in command. This means that the military operate in support of law and order and under rules of engagement that are more similar to police work than the rules of armed combat.

REGIONAL FOCUS

Human insecurity has no clear boundaries. It spreads through refugees and through criminal and extremist networks, through economic and environmental calamities. A human security strategy therefore needs to take a regional rather than nation-state perspective.

It is worth noting here that what is being proposed is a capacity to undertake St Petersburg tasks, including humanitarian intervention. But to carry out those tasks, it is argued, requires a new type of human security capability. To elaborate what such capabilities are supposed to be able to do and to show how different they are from classic military forces, the study group developed six principles of human security, which sharply differentiate the role of human security forces from classic military forces.

There is growing agreement that the European Union's 'security doctrine places 'human security' at its centre. In the Report on the Implementation of the European Security Strategy in 2008, the Council of the European Union stated the EU has 'worked to build human security, by reducing poverty and inequality, by promoting good governance and human rights, assisting development and addressing the root causes of conflict and insecurity. Over the last decade, the European Security and Defence Policy... has grown in experience and capability... These achievements are the results of a distinctive European approach to foreign and security policy.'¹¹

¹¹ http://www.eu-un.europa.eu/documents/en/081211_EU%20Security%20Strategy.pdf (italics added)

THE EXAMPLE OF LIBYA

The recent Western intervention in Libya can be used to explain what might have been different had the EU rather than NATO taken the lead. United Nations Security Council Resolution 1973, pushed by the Arab League, moved the idea of 'Responsibility to Protect' beyond a Euro-American preserve. The resolution called on member states and regional organisations to 'take all necessary measures... to protect civilians and civilian populated areas under threat of attack', but the means adopted – air strikes – are not appropriate to protect civilians on the ground. Because the United States initially took the lead and subsequently handed over the command to NATO, it was only possible to think in classic military terms. As in Kosovo in 1999 the international community relied entirely on air strikes and essentially became the military arm of the rebels. The air strikes did prevent an attack on Benghazi and helped, after six months, to lead to a rebel victory in Tripoli. But air strikes kill not only soldiers but also the very people that are supposed to be protected; however precise, military conflict causes huge suffering and polarises opinion and enables those with weapons to claim power.

A human security approach, as opposed to a war, would have focussed on protecting civilians throughout Libya and guaranteeing their right to peaceful protest. The first task should have been to declare Benghazi and the liberated areas a UN Protected Area or safe haven. Human security forces would have had to be deployed to help protect the liberated areas. Humanitarian and reconstruction assistance and support for a democratic political process would also have to be provided so that the liberated areas could provide poles of attraction for other parts of the country. The human security forces would have defended the protected areas robustly; they would not attack Gaddafi forces but, given the opportunity, they would try to arrest those indicted by the ICC. They would, of course, need air protection, but this is different from relying on military attacks from the air alone.

In Libya, an EU plan for a small ground force to protect humanitarian assistance in Misrata failed to get UN authorisation. The original UN resolution ruled out 'foreign occupation forces' but as Alvaro de Vasconcelos, Director of the European Union's International Institute for Strategic Studies, pointed out, a small force with a strict humanitarian mandate to protect aid and civilians and not to engage in war-fighting is very different from a foreign occupation force.¹² The idea is to dampen down violence and create space for a political solution; Vasconcelos was explicit that the strategy must 'not be predicated on a military solution'.¹³

Of course, human security forces, in such a situation, should be drawn primarily from African and Arab countries. The point is that the EU approach offers a possible alternative model either to engaging in a war or to doing nothing.

IMPLICATIONS

One should not exaggerate the achievements of CSDP. It is still rather small scale. The total number of troops currently deployed represents less than a quarter of one percent of total armed forces of EU member states. While European member states account for one quarter of global military spending, a tiny proportion goes towards CSDP. Most CSDP/ESDP missions lack the capabilities required for this type of mission – helicopters, air transport, and satellite based communications as well as civilian personnel, particularly police and legal experts.¹⁴ There are huge problems of coherence, not only with other international agencies, governments and NGOs but also within the EU; the appointment of Cathy Ashton in charge of both Commission and Council external policy is yet to solve the problem.

¹² <http://www.guardian.co.uk/world/2011/apr/18/libya-conflict-eu-deployment-ground-troops>

¹³ <http://www.iss.europa.eu/publications/detail/article/save-misrata-and-help-libya-set-itself-free/> (italics added)

¹⁴ See Alexander Weis, 'Improving Capabilities for ESDP's future needs' and Richard Wright and Juha Auvinen, 'What Ambitions for the civilian ESDP?' in Alvaro de Vasconcelos, *What Ambitions for European Defence in 2020*, (2009); Nick Whitney 'Reenergising Europe's Security and Defence Policy', *European Council on Foreign Relations Policy Paper*, (2008).

Most importantly, the political backing for EU operations remains weak and divided, which itself helps to explain both the shortage of capabilities and the lack of institutional coherence. Despite the Lisbon Treaty, the fact that both Cathy Ashton, the High Representative for Common Foreign and Security Policy and Herman Rompuy, the President of the Council were appointed behind closed doors greatly weakens their perceived autonomy and legitimacy. Even though they may pursue cosmopolitan objectives, they remained tied by the inter-governmental process. This is why there appears to be such a disjuncture between what the EU does at the level of what might be called low politics and what it does at the level of high politics. Background studies of individual ESDP missions undertaken for the Madrid Report found that ESDP operations were often thwarted by high level politics. This can be because of domestic politics or because foreign policy is shaped by other considerations.

In terms of high politics, the EU seems to veer between being a normative, civilian or cosmopolitan power; or being a junior partner of the United States; or being the mouthpiece of individual European powers.

A final question is whether and how much Europe's distinctive security policy contributes to global security. Can CSDP make a difference? The Human Security Report of 2009 attributed the decline of wars and one-sided violence involving states to the spread of global norms and to the greatly enhanced role of UN peace-keeping and peace-building.¹⁵ Undoubtedly, the revolution in communications has been an important factor in explaining growing human rights consciousness. It can also be argued that the EU as well as individual member states have played a significant role both in promoting norms against war and human rights violations and in contributing to UN capabilities.

All the same, the trend towards increased low-level non-state conflicts is of considerable concern and likely to become more so as the effects of the economic crisis spread. While the Human Security Report suggested that such conflicts are very localised they do have serious implications for the increase in transnational crime, population displacement or humanitarian need that cannot be ignored. There is a need for global security capabilities that can address this type of conflict and it is for this type of violence that CSDP has been designed.

CONCLUSION

The EU's CSDP represents a distinctive approach to global security that could potentially put into practice the kind of cosmopolitan norms that a hybrid political entity like the EU could be expected to promote. Such an approach has to be seen as part of a wider transition in economic, social and environmental fields that is necessary to address the multi-dimensional crisis that the world is currently facing.¹⁶ These changes tend to be blocked at a national level where the policies and ideas that have predominated in the post-war period have been institutionalised. The EU as a new type of political authority has the potential to help guide those changes.

To do so, however, it needs to overcome its lack of internal coherence (among the member states and the different European agencies) and it needs to demonstrate publicly its relevance for and responsiveness to European citizens. CSDP would be enormously enhanced by effective political leadership. By the same token, a legitimate political leadership would depend on an effective CSDP. People trust their institutions if they believe that they keep them safe. Protection is at the heart of the social contract among citizens that is the basis of political authority. Military forces are no longer symbols of legitimacy; most people are aware of the

¹⁵ <http://www.hsrgroup.org/human-security-reports/20092010/overview.aspx>

¹⁶ David Held, Mary Kaldor and Danny Quah, 'The Hydra-Headed Crisis', *Global Policy Online*, 28/2/10. <http://www.globalpolicyjournal.com/sites/default/files/pdf/Held%2C%20Quah%2C%20Kaldor%20Hyrda%20Essay%20Feb2010.pdf>

shortcomings of military power. Certainly since the end of the Cold War and the collapse of the Eastern threat, deterrence no longer has the same salience and the actual use of military power, as in Iraq or Afghanistan, has often made things worse. According to opinion polls, over 70 percent of the European population support CSDP.¹⁷ Making it clear that the EU does not have an army in the classic sense, that CSDP is based on human rather than national security principles and that human security forces are civilian led rather than military led, could help.

If the EU were seen to make a visible contribution to global security understood as the extension of international law rather than the defence of borders that would greatly strengthen the EU's political standing at home and abroad. But that can only happen if an effective political leadership is seen to pursue a consistent normative politics. It is sometimes argued that the EU has the potential to be an important player in an emerging multipolarity along with the US and China. But what I am suggesting, more importantly, is that the EU has the potential to reshape multilateralism, which is critical if the world is to face up to the huge global challenges that currently confront us, not least in security terms. ■

17 Vasconceles, *What Ambitions for European Defence in 2020*.

➤ Identity Matters: Exploring the Ambivalence of EU Foreign Policy

Thomas Risse

Economic giant, political dwarf! 'The EU does not get its act together' 'The capability-expectation gap is widening'. These are only a few of the many indictments of the European Union's (EU) foreign and security policy to be found in editorials, but also occasionally in the scholarly literature.¹ And yet it moves! There have been more than 1000 common strategies, common positions, and joint actions under the Common Foreign and Security Policy (CFSP) since 1993, and more than 2000 foreign policy statements made by the EU Council and Presidency between 1995 and 2008. Since 2003, there have been 25 civilian and military ESDP missions, 14 of which are still ongoing. In addition, the EU has adopted its own declaratory foreign policy strategy in 2003 (European Council 2003, updated in 2008). Finally, the Lisbon Treaty has more or less completed the foreign and security portfolio of the EU, including a (sort of) foreign minister and the External Action Service (EAS). The EU now commands the whole range of institutional capabilities of a cohesive and strong foreign and security policy.

To discern the visibility of the EU in foreign policy, a corpus-linguistic analysis of more than 100,000 newspaper articles in seven EU member states and the US from 1990-2005 was carried out, focusing on military interventions. The data show that the EU is mentioned in 10-20 percent of the articles on average, which is surprising given the limited degree of EU competence in military affairs up to the late 1990s. We can observe some convergence in newspaper coverage from the late 1990s on, with a first peak during and after the Kosovo War. The EU's visibility then increases during the 2001-2003 period before decreasing again to the level of the mid-1990s. All in all, the data refutes the notion that the EU is simply absent in coverage of military and security affairs.

In other words, cooperation on foreign policy matters is the rule rather than the exception in the EU. The EU has emerged as a foreign policy actor and is able to pursue rather coherent foreign policies – if it wants to and if the conditions are right. This is the good news.

But there is also bad news: Catherine Ashton's appointment as EU 'foreign minister' confirms that the member states had no intention of enhancing the status of the Common Security and Defence Policy (CSDP) at the expense of their own individual foreign policies. The disagreements among the EU 27 on major foreign policy issues are legendary: the 2003 Iraq invasion showed an intra-European split as much as a transatlantic one, while Germany abstained in the UN Security Council over Libya.

¹ For a recent criticism of the EU's inability to develop a coherent foreign policy see Jolyon Howorth, 'The EU as a Global Actor: Grand Strategy for a Global Grand Bargain?' *Journal of Common Market Studies* 48(3), (2010), 455-474.

Depending on one's viewpoint, therefore, the glass is either half empty or half full with regard to a common European foreign and security policy. But how do we explain the variation between EU coherence in foreign policy in many cases, on the one hand, and Europe's inability to speak with one voice in different instances, on the other hand? And to what extent will issues of European coherence determine its role in a world increasingly animated by the dynamics of Asian economies?

WHY THERE IS NO SUPRANATIONAL EUROPEAN SECURITY AND DEFENCE POLICY²

17 of the 27 EU member states have given up core features of their national economic sovereignty and have accepted the euro as a single currency. In all likelihood, the current euro crisis will result in more rather than less European integration with regard to financial and economic policies, at least among the EU 17. In sharp contrast to the Economic and Monetary Union, which has been fully supranational from the beginning, foreign and security policy remains the one significant issue-area in European affairs in which decisions are still made consensually and in an intergovernmental fashion.³

The refusal to extend Qualified Majority Voting (QMV) to decisions over war and peace is consistent with a version of realism emphasising autonomy. But if states seek to increase their collective power and influence in international politics, then the unwillingness of some EU member states to give up external sovereignty in foreign and security affairs is outright self-defeating. The less Europe speaks with one voice in world politics, the less EU member states can exert influence. The European divisions over the Iraq war in 2003 or over Palestine in 2011 only serve to underscore the point. Moreover, if middle and small powers seek a balance, they need to pool resources and build alliances. In an emerging multipolar world, one would then expect the EU to get its act together in foreign and security affairs in order to build a counter to US power or the rise of China.

Indeed, roughly two-thirds of the current EU member states would be more than willing to supranationalise external security and national defence, a figure which includes many of the big member states such as France, Germany, Spain, or Italy. In 2007, 72 percent of EU citizens were in favour of a common European foreign and security policy, including 84 percent of Germans and 52 percent of Britons.⁴

The only available empirical study that seeks to explain the variation among EU member states concerning their preparedness to supranationalise defence affairs concludes that federal states are more likely to prefer supranational decisions in external security and defence policies than unitary states.⁵ It is possible that federal states where elites and citizens are used to the notion that sovereignty can be divided and/or shared between various levels of governance, might also be more prepared to include supranational levels of governance in these understandings.

Germany serves as a case in point. Federalism has been constitutive for the German state for centuries and German elites have thoroughly Europeanised German collective identity after World War II. No wonder, then, that Germany supported a supranational CFSP/ESDP from the beginning. In contrast, it took centralised France until the Anglo-French St. Malo agreement of 1998 to recognise that a common European foreign and security policy could not be promoted as an alternative to NATO. St. Malo also marked the beginning of

² For a more detailed discussion of this section see Thomas Risse, *A Community of Europeans. Transnational Identities and Public Spheres*, (2010), 191-196.

³ Note that this pertains mostly to military and defence issues. EU foreign affairs in the areas of environmental policies, human rights, development aid, not even to mention external trade, are mostly subject to supranational decision-making including Qualified Majority Voting (QMV).

⁴ European Commission, *Eurobarometer 67: Public Opinion in the European Union*, (2007).

⁵ Mathias Koenig-Archibugi, 'Explaining Government Preferences for Institutional Change in EU Foreign and Security Policy', *International Organization* 54(1), (2004), 137-174.

a British turnaround toward ESDP, as the Blair government gradually came to accept the notion that NATO and the Anglo-American 'special relationship' were not endangered by closer European defence cooperation. Nevertheless, the British government has constantly objected to any moves toward supranationalism in CFSP/ESDP affairs. It is hard to interpret this position without taking sovereignty considerations into account.

In sum, it is very hard to explain the variation in member states' preferences with regard to supranationalising CSDP without references to the differential Europeanisation of elite identities. This argument is underscored by the request of five EU members, including France and Germany, that Catherine Ashton 'examine all institutional and legal options available to member states, including permanent structured co-operation, to develop critical CSDP [Common Security and Defence Policy] capabilities, notably a permanent planning and conduct capability.'⁶ We might well see a core group of EU member states moving ahead toward a truly common security and defence policy.

WHY THERE IS A GAP BETWEEN EU FOREIGN POLICY WORDS AND DEEDS

The same EU member states that have long supported QMV in foreign and security policy are also those advocating a European identity as a 'civilian power' and emphasising cooperative security, multilateralism, and the rule of (international) law. In promoting its own normative conception of international order, the EU has started behaving like any other great power. Some have argued that creating a distinct foreign policy identity is the whole point about the EU's efforts in external affairs, representing the outward looking version of the EU's modern and enlightenment identity.⁷ The 2003 European Security Strategy was full of references linking what is constitutive for modern and democratic Europe to its vision for international affairs. But the EU's attempt to consciously develop its own foreign policy identity is not confined to a declaratory strategy alone. By about 2000, the EU's foreign and security policy had at its disposal the entire set of instruments necessary for the promotion of democracy and human rights as well as for post-conflict peace- and state-building.

Yet whilst the EU actively constructs a particular foreign policy identity, that is not to say that the emerging EU foreign policy can be causally explained by the EU's collective identity. EU foreign policies often prioritises geostrategic and security interests over human rights and democracy concerns. Moreover, multilateralism might be the foreign policy identity of the weak who do not command the necessary economic and military resources to develop a more forceful foreign policy.

The question boils down to a) whether the EU's foreign policy identity as a 'civilian power' is a matter of choice or of necessity and b) how we can account for the gap between the EU's words and deeds. On the one hand, the lack of qualified majority voting in foreign and defence affairs might lead to decisions on the lowest common denominator leaving the EU with no other choice than to behave as a 'civilian power.' On the other hand, while the EU's military might is no match for the US, its combined defence expenditures of €200 billion is second only to the US: Great Britain, France, and Germany are numbers 2, 4, and 6 in defence spending worldwide.⁸ The EU contains two nuclear powers, and the EU's combined GDP constitutes the number one economic power in the world, which would certainly command the resources to become a formidable military power. Such data suggests that the EU's self-proclaimed 'civilian power' identity is indeed a matter of choice rather than necessity.

6 See <http://euobserver.com/13/113569> (Sept. 11, 2011).

7 Stefanie Anderson, *Crafting EU Security Policy. In Pursuit of a European Identity*, (2008).

8 SIPRI Year Book 2008, *Armaments, Disarmament, and International Security*, (2008).

As to the second question, how can we explain the gap between EU words as a ‘force for good’ and its deeds which are often inconsistent with its proclaimed values of promoting human rights, democracy, and the rule of law? I would argue that this gap can be explained if we take the EU’s self-proclaimed foreign policy goals as a ‘civilian or normative power’ not as a prescription for a grand strategy, but as a more reflexive attempt at conscious identity creation in foreign policy, an effort that is mainly meant for internal consumption. Given that Europe and the EU lack a strong supranational identity, the EU’s foreign policy identity can be seen as an attempt to externalise its core values, as part and parcel of the more general effort at identity creation rather than as a genuine prescription for foreign and security.

As a result, a mismatch – or perhaps better, a decoupling – of words and deeds would have to be expected. Moreover, a foreign policy identity prioritising liberal and cosmopolitan values over everything else is necessarily likely to fail in the real world. Any major foreign policy actor such as the EU has to balance security, economic, and other ‘material’ needs with the promotion of core values. A foreign policy identity that does not take into account that states, as well as supranational entities such as the EU, need to worry about potential security threats or about economic issues in a globalised world is likely to fail in practice.⁹ Take the Middle East: for all its rhetoric about the promotion of democracy and human rights in the region, the EU foreign policy behaviour prioritised stability over other values, which meant stabilising autocratic rulers and applying double standards. The ‘Arab spring’ took the EU as much by surprise as anybody else and it is now scrambling to regain credibility in the Middle East.

IDENTITY CLASHES: WHY THE EU IS AMBIVALENT OVER TURKISH MEMBERSHIP

One cannot even begin to understand EU enlargement without taking identity politics into account. European identities explain the relatively smooth processes of Eastern enlargement to a large degree, since there was no question that Central Eastern Europe (CEE) belongs to modern Europe as represented by the EU. In sharp contrast, Turkish EU membership has remained contested from the very beginning – and identity concerns explain a large part of this controversy.

After the Cold War, the enlargement discourse depicted Europe and the EU as a community of liberal values and market economies as a result of which the democratising Central Eastern Europeans acquired an almost ‘natural right’ to join. The 1993 European Council explicitly offered an accession perspective to CEE countries – provided that they met certain conditions of the ‘Copenhagen criteria’ which enshrined the values of human rights, democracy, the rule of law, and market economy.

As a result, it took the EU less than fifteen years to accept CEE countries as member states. In contrast, the history of Turkish-EU relations has developed in slow motion. As early as 1963, Turkey signed an Association Agreement that acknowledged the final goal of membership. More than two decades later, in 1987 Turkey applied for EC/EU membership. In 1999, the European Council accepted the Turkish membership candidacy. It took another five years before the 2004 European Council acknowledged that Turkey fulfilled the Copenhagen criteria and that membership negotiations should begin in October 2005. Yet major EU member states, including Germany and France, remain opposed to full Turkish membership.

The cumbersome history of Turkish-EU relations demonstrates the deep ambiguity with which both the EU and Turkey have approached the membership issue over the years. Both Turkey and the EU have constructed Turkey as a bridge between Europe and Asia in their respective discourses. Depending where Turkey is

⁹ In fact, the 2003 ESS does try to strike a balance between diverse values and foreign policy goals. Its main problem is that the EU never made a serious attempt to implement it.

discursively situated in this metaphor, it is either 'in' Europe and, thus, eligible for EU membership, or 'out.' As a result, the contemporary debates about Turkish EU membership is simultaneously about who Europe and the Europeans are, i.e. European identity, as it is about who Turkey and the Turkish are, i.e. Turkish identity.

One analysis shows that opposition to Turkish EU membership can be largely explained by identity concerns, as well as material interests. The most important variable proved to be the fear of Turkish mass migration into the EU (which would explain why Germans and Austrians, with their large Turkish immigrant populations, are so adamantly opposed, by 69 and 81 percent respectively). In addition, fears of losing one's national culture, i.e., identity concerns, also play a significant role in explaining public opposition to Turkish membership. Moreover, religion exerts a significant effect on attitudes toward Turkish membership, with Christians being strongly opposed. In contrast, rational economic self-interests, such as fear of losing one's job and income, have little effect in forming opinions toward Turkey.¹⁰

The politics of Turkish membership in major EU member states shows a profound ambivalence about whether or not Turkey belongs in Europe. The debate about Turkish membership is a discussion about the European borders: where does Europe end, and who, as a result, has a legitimate claim to EU membership? This debate involves different conceptions of European identity. On the one hand, there is the modern, inclusive and liberal vision of Europe that found its most significant expression in the Copenhagen criteria. Accordingly, Turkey is seen as a part of Europe as long as it respects the liberal agenda and complies with its norms. On the other hand, the exclusionary counter-discourse developed in the conservative parts of the French and German media constitutes Turkey as the 'Other' of Europe. Opponents of Turkish EU membership use geographical, cultural, historical, and religious references to place Turkey outside of Europe. Valéry Giscard d'Estaing, the former French President and President of the European Constitutional Convention, argued in articles published across Europe that only five percent of the Turkish territory and only seven percent of its population live in a 'European enclave', while the remaining parts are located in Asia and Anatolia. This allegedly natural boundary also serves as a cultural and historical boundary, sealing Turkey off from modern Europe of enlightenment and liberalism.¹¹ Others have used Christianity as a demarcation line to exclude Turkey from the EU, with Germany's *Die Welt* arguing that 'Islam, which has been built in Turkey on the ruins of a Roman-Christian civilisation, is completely unsuitable to revive the soul of Europe.'¹²

Of course, such a vision is not new: Turkey as the 'Other' of European identity has a history going back to the Ottoman Empire and its struggles with 'Christian' Europe. In contrast to the case of Eastern enlargement, European identities vis-à-vis Turkey remain fundamentally unsettled and deeply contested. It might be precisely the lack of clarity and the contested nature of identities and interests in this case which explains why the EU and Turkey have been struggling over the membership issue for the past decades and why the accession talks have been rather cumbersome so far. If this holds true, the prospects of Turkey joining the Union any time soon are rather remote, even before one considers the other institutional and political obstacles to its membership.

10 Lauren McLaren, 'Explaining Opposition to Turkish Membership in the EU', *European Union Politics* 8(2), (2007), 251-278.

11 Valéry Giscard d'Estaing, 'A Better European Bridge to Turkey', *Financial Times*, 24/11/2004.

12 *Die Welt*, 10/9/2004.

CONCLUSIONS: EUROPE AND THE GLOBAL ORDER

I have argued in this piece that one cannot understand the difficulties of the EU in putting a coherent foreign policy into place without taking its unsettled (foreign policy) identity into consideration. First, the differential Europeanisation of national identities explains to a large degree why the ESDP has not yet enabled Europe to speak with one voice in foreign policy matters. Second, the gap between the EU's identity rhetoric as a 'civilian power' and its rather mundane foreign policy practice results from the fact that its foreign policy discourse is more inward-looking than directed toward the outside world. Last and not least, the enlargement discourse, particularly with regard to Turkey, further exemplifies the unsettled nature of the EU's identity.

The consequences of this analysis for Europe's role in the world are rather straightforward. Three 'Ps' are necessary for a great power to be able to shape world politics: power, purpose and practice. As to power capabilities, the EU certainly has the necessary resources to play a major role in the global order. Its combined GDP and military expenditures – not to mention its 'soft power' resources – certainly qualify for a great power, and the talk about European decline is rather exaggerated. With regard to purpose, the EU certainly has a transformative vision of world politics in line with its foreign policy identity as a 'civilian power'. While this vision does not yet recognise that foreign policy is mostly about reconciling competing security, economic and human rights goals, there is no reason why the EU should not be able to develop a grand strategy, and indeed the 2003 European Security Strategy is a surprisingly coherent attempt to do just that.

Yet when it comes to putting this vision into practice, the EU is hampered by its unsettled identity, resulting in an inability to speak with one voice on major foreign policy matters. A key problem, of course, is Great Britain's refusal to accept a truly supranationalised EU foreign policy, and it is unlikely that the EU will be able to develop coherent foreign policy practice as long as the UK continues to block these attempts. However, the euro crisis is likely to have profound implications for the future of EU foreign and security policy. The crisis has already created an EU core – the 17 Eurogroup members – and a periphery. If the core survives the crisis, it will strengthen rather than weaken European integration, and this will include foreign policy, and as a result, the UK will be forced to make up its mind, rather than continuing to sit on the EU's fence. Since it is very unlikely that the British people and political elites will accept an even more integrated EU, they will probably leave.

However, it remains unclear if more coherent EU foreign policy practice will emerge, even if the UK exits the Union. Take the Middle East, for example: France and Germany pursue very different approaches toward Israel and the Palestinians, and the EU's foreign policy machinery has been stymied by these differences so far. In other words, a more supranationalised EU foreign policy apparatus does not guarantee a coherent foreign policy practice *per se*.

This does not bode well for the global order. There is a serious lack of leadership in contemporary world politics. While the United States certainly commands formidable military and economic capabilities, it has lost much of its soft power and legitimacy in the last fifteen years, and the Obama administration has not been able to make up for it. The US certainly has a vision of world order, but it increasingly lacks the resources and political will necessary to put this vision into practice. As to the so-called 'rising powers', they command the capabilities to become great powers, but they mostly lack the other two 'Ps', namely purpose and practice. For all the hype about the 'rise of China', Beijing has not yet developed a coherent foreign policy toward the rest of the world. While it is positioning itself as a regional power in Asia (thereby threatening its neighbours), we have yet to see China's position on the future of the global economy, on the challenges to international security, or on the global environment. ■

➤ A Mercantilist Power?

Richard Youngs

Goeconomics is returning as the leading edge of Europe's global presence. The financial crisis has helped give greater prominence to goeconomics as a factor that will strongly condition further power-realignment. Finance and markets have once again become high politics. State and private sector ally in pursuit of relative commercial gain as the West frets more about economic security relative to other types of threat, seeking negotiated access to resources and contracts.¹ Geoeconomics will thus increasingly be a handmaiden of geopolitics.

The rise of goeconomics demonstrates how Europe's age of austerity is a profound foreign policy challenge and not merely a domestic one. The impecunious inevitably require more diplomatic ingenuity to retain power. Historians regularly point out that financial crisis has often presaged broader and disturbingly precipitous political collapse. Against this background, an assertive focus on immediate material interests and commercial deals is understandable and indeed desirable. But the EU's goeconomics are drifting in two directions that give rise to concern. First, inward-looking market-protection is on the rise. Second, the EU is failing to ensure that its highly mercantile form of commercial diplomacy is pursued in parallel with the more political dimensions of global presence. Both these trends are understandable and hardly surprising in the context of such vicious economic contraction, but taken too far both are unduly expedient and short-termist to pass the test of good strategy.

INSULARITY?

In terms of the first trend, the change of direction in trade policies is subtle, but nonetheless meaningful. To some degree the EU has retained a commitment to outward-looking commercial policies. At a technical level, EU trade officials are still working to restart the Doha development round and the EU is by no means the guiltiest party in the stalling of multilateral trade liberalisation. External trade has recovered to pre-crisis levels and a raft of new commercial agreements is being negotiated.

However, the finer grained detail reveals some reversal of the spirit of economic openness. Many new regulations introduced in the aftermath of the financial crisis discriminate against non-EU states and companies. Export subsidies have increased significantly. Covert forms of protectionism now abound. Patrick Messerlin calculates that EU states have introduced far more measures of behind-the-border protectionism since 2008 than have non-Western rising powers.² While traditional tariff- and quota-based protectionist measures introduced since the crisis cover only one percent of trade, financial and regulatory mercantilism has become increasingly prevalent. Official figures confirm that the EU has resorted to such covert, non-border measures more than any other region since 2008.³

1 Mark Thirwell, 'The return of Geoeconomics: Globalisation and National Security', *Lowy Institute for International Policy*, (2010).

2 Patrick Messerlin, 'How the rich OECD nations should handle the emerging giants', *Europe's World*, Spring, (2010), 15.

3 Fredrik Erixson and Razeen Sally, 'Trade, Globalisation and Emerging Protectionism since the Crisis', *ECIPE working paper 2*, (2010), 8; 12.

The Business Europe president laments that new crisis-related EU financial regulations are choking off lending for external trade and investment.⁴ The EU is set to reduce from 176 to 80 the countries that benefit from its Generalised System of Preferences; this will involve excluding rising powers that currently take nearly half the scheme's preferences. Many third countries express concerns over the incompatibilities between the myriad bilateral trade deals that the EU is negotiating, alleging that these complicate access to European markets. The G20 is serving primarily as a site of geopolitical bargaining between big powers; in terms of the organisation's role in the financial crisis, the EU members seem to have no desire to harness the G20 as a contributor to the vitality of multilateral liberalisation. Anti-globalisation sentiment has grown not just on the unionised left but also within a right more focused on preserving local communities and values.

For now, the EU figures strongly in economic rankings. It still accounts for 50 percent of global FDI outflows and 40 percent of inflows. In 2010, the Global Economic Forum placed six European countries in its top ten competitive economies.⁵ However, interdependence with the BRICs is low, measured by both trade and investment, and exports to Asia are relatively modest. In 2010 Germany did five times more trade with other EU states than with all the BRICs. The EU's competitive edge in international markets has been eaten away by US firms, and despite the EU being set to lose 60 million workers over next decade, immigration is still far more low-skilled than in the US. Member states still exclude four fifths of services output from the internal market, let alone broader global competition.⁶ In short, there is little margin for de-internationalisation. The temptation of Euro-autarchy is likely to prove a dead-end. The original post-war rationale driving European integration may be subsiding, but if Euro-distinctiveness is lost because the gap closes between intra-European integration and broader global interdependence, this should be celebrated. What jars more negatively is an inward looking chauvinism that seeks confusedly to recreate such a supposedly distinctive European economic model.

GETTING GEOECONOMICS RIGHT

A second, related trend is that the crisis is pushing the EU towards a far narrower and highly utilitarian vision of its external geo-economics. Germany in particular is drifting very much into an economics-based international profile. Spain's budget crisis is such that its government has virtually reduced foreign policy to commercial support. The British government has quite explicitly prioritised commercial diplomacy. Diplomats agree in private that the EU simply has not engaged with Asia as a strategic issue in the same way that the US has. In the 1990s and early 2000s the EU did have at least a vision and ambition to work with Asia on deepening multilateral strategic norms, but following the crisis the EU has abandoned any strategic perspective in Asia beyond a race for commercial contracts and the reversal of its weakening economic presence. As the EU offers bilateral trade deals with some Asian states, this engenders an avalanche of requests for similar deals from other countries – Japan and Taiwan are now pressing hard for generous accords. It is clear that the strategic tensions caused by the included-excluded dichotomy of commercial bilateralism have not been addressed. The EU's abandonment of its regional deal with ASEAN in favour of negotiating commercial deals with the grouping's individual members is emblematic of this trend.⁷

One Asian ambassador complains: the EU is 'just trying to get things out of Asia, not thinking how we can really cooperate'. Even after thirty-five years of dialogue with ASEAN, the EU shows no real urgency in talking in broader political terms with the region. To the amazement of ASEAN officials, the EU has not approached Asians to ask what can be learnt from the way they coped with the 1997 crisis. Shada Islam warns that EU

4 European Business Summit, Brussels, May 2011

5 Global Competitiveness Report 2009-2010, <https://members.weforum.org/pdf/GCR09/GCR20092010CountryHighlights.pdf>

6 Figures from Daniel Hamilton, *Europe 2020: competitive or complacent?*, (2011).

7 Gauri Khandekar, 'The EU's mistaken approach to ASEAN', *Friede policy brief*, July, (2011).

is still predominantly ad hoc in its approach to the region and lacks a regional assessment or approach to Asia, for example through supporting softer forms of security policy in the region.⁸ The US and Russia now participate in the East Asia Summit, the main regional security forum; the EU does not, and in both 2010 and 2011 Catherine Ashton turned down invitations to attend the summit. The EU's security contribution amounts to little more than a small amount of border management with Japan. Without something more tangible to offer, any European muscling-in to Asian gatherings is hardly likely to be viewed as a serious endeavour anyway.

An EU-India security dialogue inaugurated in 2006 is recognised by both sides to have produced little, with most focus on the long-stalled FTA negotiations. European External Action Service (EEAS) diplomats shun the suggestion that the EU should press to work with India on issues of broader international and political values, while Indian officials in New Delhi puzzle over the EU's reluctance to cooperate on 'dealing with' China. They warn that European governments' use of bilateral commercial diplomacy merely reinforces India's tendency to see the EU as a fractured entity in political-strategic terms too.

The EU's 65 sectoral dialogues with China lack any strategic focus. And while the current KMT government in Taiwan has reduced cross-Straits tensions since 2008, Taiwanese diplomats complain they have received little reward from European governments – indeed they stand penalised by the EU-South Korea free trade deal – and that the EU is still overly sanguine about the future strategic risk of mainland-Chinese preponderance.

Of course, the EU cannot realistically aspire to be a leading security power in Asia, but it at least needs a position on key strategic issues, and especially on how its actions can back up the US's role in the region. For example, it remains strikingly unclear what the EU would do in the event of a conflagration in the Taiwan Strait. European security will depend increasingly on how the US acts in Asia; and yet attempts to influence this role have not been apparent in European policies.

Crucially, such direct and narrow mercantilism flows from an assumption that multipolarity will be the global order's organising principle. While it is logical and desirable that the EU focuses increasingly on enhancing its relations with the larger rising powers, it should not predicate its strategy too heavily on the premise of that multipolarity will be the sole or defining dynamic of the post-Western world order. Doing so leads to the view that power is about tit-for-tat commercial bargaining and that this should return as the dominant logic guiding EU strategy. In fact, the EU has already been gradually heading this way over the last decade; the euro crisis has hastened and intensified the trend. This is the miasma of pale-imitation crypto-realism: a foreign policy of too much guile and too little guiding principle. A strategy based on the constant search for reciprocal commercial bargains is inherently unstable and unpredictable. The incipient reliance on more protean deal-making with rising powers is a seductive but false elixir.

Too exclusive a focus on multipolarity begets a view that power is exercised through gaining commercial reciprocity. Indeed, reciprocity is now a more prominent (although, of course, not new) leitmotif of much external policy. And to some extent there is understandable logic in the push to bargain hard and win more benefits from rising powers in return for the incentives offered by the Union. But if pursued too hard, this approach risks being self-defeating. Interviews suggest that this drift in policy actually reinforces the perception that the EU may be a reasonably important trading partner but has little political intent to uphold international rules. Responding to the notion of such reciprocity, one former Brazilian foreign minister replies that in pursuing this line the EU fundamentally misunderstands the aspirations of rising powers: 'Brazil cannot be bought', he warns, it wants a stake in the system not a series of negotiated benefits.

⁸ Shada Islam, 'Europe and the Asian century', *Friends of Europe policy briefing*, June, (2011), 3.

As a basis of strategy, hard-bargaining reciprocity harbours a contradiction: it presumes that the best way to correct the EU's loss of material power is by exerting material bargaining pressure – the very thing it is losing. This is why the EU needs to compete and find leverage on a different plane. To the extent that reciprocity serves strategy it must be of a more diffuse variety, tailored to long-term give-and-take over global reordering. While the EU clearly has a great deal to learn from China, one wonders if the 'We must be more like China' line is not bending a little too far with the wind of fashion. In practice, reciprocity has also served as a comfortable pretext for the EU's own protectionists.

The main virtue of such a reciprocity-based strategy is its supposed workability: that it gets things done, without governments waiting endlessly for nebulous rules to be agreed at the multilateral level. But the evidence suggests that it often falls short on this most pragmatic of yardsticks. The payback in relations with China is not yet apparent. The EU has pressed increasingly hard on intellectual property rights, stepped up anti-dumping duties against China and taken the latter to the WTO over market access in natural resources. But the 2010 EU-China summit ended in acrimony because the EU refused to grant China market economy status, and China refused to open procurement markets in order to persuade European states to budge on this. China's assertiveness and nationalism have increased, not diminished, as European governments have raced to build up commercial portfolios. China is changing its favoured European partners from year to year, and beginning to play them off against each other in Putinesque fashion.

Katinka Barysch charts how the EU's more pragmatic alliance-building approach towards Russia has also produced few results: a cooperation agreement is still not agreed; Russia has moved towards WTO accession but trade liberalisation is blocked by Russia's customs union with Belarus and Kazakhstan; Russia still rejects multilateral energy rules, wanting a new energy treaty based on more geopolitical principles; the EU-Russia Modernisation Partnership is still essentially empty of content; Germany and France offered Russia participation in a new security committee, but Moscow has modified few of its positions on South Caucasian frozen conflicts.⁹ The improvement in Polish relations with Russia has unblocked a more unified EU strategy of cooperative engagement. But this was largely the product of domestic political shifts and the symbolism of Poland finally transcending the Cold War, not of any fundamental rethink on a coherent strategic approach vis-à-vis Russia.

Perhaps most worryingly, these approaches to geoeconomics risk undermining multilateralism. Basing policy on defending the EU as one amongst several 'poles' is emerging as the default strategy, without any tenets to ensure that core principles of multilateralism are not thereby compromised. Bilateral trade deals are indeed positive, in so far as they are WTO-approved. But firmer evidence is required that they are actually fashioned so as to be stepping-stones towards multilateral progress, as the EU claims. Asked in more political terms precisely how the EU's bilateral strategic partnerships have been used to further multilateralism, diplomats are imprecise and acknowledge that such confluence remains a fairly airy aspiration. Companies say they are struggling to deal with the spaghetti bowl of trade deals as these overlap with each other in ways that confuse multilateral rules. Some senior diplomats worry that the EU's tough reciprocal economic bargaining is undermining fundamental multilateral principles, and policymakers demur in private that the EU has become too fearful of the strength of rising powers. Enhancing strategic presence will quite properly involve seeking short-term bilaterally-negotiated benefits; but these must be conceived as staging-posts towards deeper multilateralism rather than as final destinations in themselves.

9 Katinka Barysch, 'The EU and Russia: all smiles and no action?', *CER Policy Brief*, April, (2011).

READING THE TRENDS

There are many features of the emerging world order that mitigate the purity of multipolarity – and which must be reflected in the way that EU geoeconomic strategies respond to the crisis. Polarity implies a degree of separateness between blocs that simply does not attain today. Parag Khanna powerfully articulates the picture of a world order whose essential feature is not its multipolarity but its multi-actorness.¹⁰ The most influential features of the new world order are speed, unpredictability, deepening problem-intersections at all levels and non-linear change, all quite antithetical to the staid frameworks of traditional, inter-pole diplomacy.¹¹ In consequence, Joloyn Howarth stresses that today's 'grand strategy' cannot be based on traditional, Westphalian alliances, as influence derives more from multi-faceted cooperation and connectedness.¹² According too much weight to multipolarity can smack of structural determinism. To argue that non-Western powers' more assertive foreign policies amount per se to multipolarity hollows the concept of its analytical rigour. Many countries may 'rise' without being of remotely similar structuring potential in international relations.

It would be premature to conclude that geoeconomics is entirely suffocating other dimensions of EU policy. Political and security policies in some circumstances still prevail. Relative to internal EU flows, European global trade and investment remains modest. If there has been something of a geoeconomic stampede to Asia, the economic aspects of EU policies have, if anything, weakened in Latin America. In the Middle East and sub-Saharan Africa trade and investment efforts have intensified but still underplay these regions' full potential. But in general terms the investment in security-related resources is on a downward trajectory and the EU's foreign policy centre of gravity tilts towards geoeconomics. The concern is not yet with economics completely emasculating politics, but with insufficient priority being attached to conjoining these two strands of policy. The need is for a changed approach to diplomatic and security issues as a means of underpinning geoeconomic interests. Arguably, geoeconomics should play to the traditional EU strength of being an 'economic giant, but political dwarf'; but in many regions it also reveals its Achilles Heel of an abiding disconnect between economic and geopolitical interests. It is often noted now that foreign ministers have been largely absent in the management of the economic crisis.

The EU was slow in reacting to the shift in power away from the West; arguably, it now rather overstates the weight of polarity in its external strategies. One of the strong points of EU foreign policy was its early recognition that geoeconomics and geopolitics cannot be separated; to countenance such a separation now would represent an unfortunate regression. All this means that while assertive geoeconomics is entirely proper, the EU errs in casting its commercial policies in such narrowly mercantilistic terms as are unlikely to serve its own long-term interests. ■

10 Parag Khanna, *How to rule the world*, (2011).

11 Joshua Cooper Ramo, *The Age of the Unthinkable*, (2009).

12 Joloyn Howarth, 'The EU as a Global Actor: Grand Strategy for a Global Grand Bargain?', *Journal of Common Market Studies*, 48(3), (2010), 455-474.

➤ Conclusion

➤ A Geostrategic Vision for the UK

Sir Colin Budd

It is not just Europe that needs a clear and convincing geostrategic vision for the 21st Century. So does the UK.

The UK spent much of the 20th Century debating the military choice some perceived between a maritime and imperial strategy, on the one hand, and a European and military strategy on the other. Liddell Hart led those who argued that Britain could stay clear of warfare on the continent of Europe; Michael Howard – in ‘The Continental Commitment’ in 1972 – those who believed that because of our geographical position we could not, important though our links with the rest of the world would always be.

Politically the UK is now once again grappling, as it intermittently has since entering the European Community in 1973, with a comparable version of the same dilemma.

The Conservative government which took us into Europe was clear where it stood. As Alec Douglas-Home argued: ‘It was only for the briefest period in our island’s story that we could afford to stand alone in the world... the only way to preserve our independence for the future is to join a larger grouping... Is it not the truth... that nationalism simply cannot make sense in a world of instant communication?... In the world that is evolving... it is only as part, I believe, of a strong and determined Europe that Britain’s own character, personality and individuality can thrive’.¹

David Cameron, for his part, made very clear in that in his view, for the UK to leave the EU ‘and become a sort of greater Switzerland’ would be ‘a complete denial of our national interests’.² And yet the British National Party, the United Kingdom Independence Party, and a substantial section of the Prime Minister’s own Conservative Parliamentary Party would clearly like to do exactly that.

Not least because the UK’s national influence in the EU is limited, so long as we remain unclear what our national interest is we badly need to thrash this question out and make clear to our European partners exactly where we stand. Ever since the December 2012 European Council they have, not surprisingly, been wondering about the role the United Kingdom envisages for itself in Europe.

For the UK to leave the European Union would be a huge strategic error. There is of course every reason to opt out of particular sectors of EU activity, as and when we conclude that our interests are better served by not joining in, and our partners accept in negotiation that we should not. But to abandon the entire exercise would not just run diametrically counter to large swathes of our history – for centuries we have been profoundly determined that no other country should be allowed to dominate the European continent – it would also cut off, not just our nose to spite our face, but virtually every portion of our anatomy to spite our whole body.

¹ Alec Douglas-Home Home, *Our European Destiny*, (1971).

² Robert Winnett, ‘David Cameron: I’ll never campaign to take us out of Europe’, *The Daily Telegraph*, 18/7/12.

<http://www.telegraph.co.uk/news/politics/david-cameron/9410061/David-Cameron-Ill-never-campaign-to-take-us-out-of-Europe.html>.

The simple truth, characteristically well expressed by the Financial Times columnist Philip Stephens, is that the United Kingdom since 1945 has been wrestling incessantly with the fact of shrinking global influence. The identification of a British foreign policy fit for the 21st century is long overdue.³

To maximise our influence in the world, we need to be brutally realistic about the choices we make. The notion that the UK in 2012 can somehow build relationships on its own with the new emerging powers productive enough to compensate for the influence we would lose if we left the European Union – what the Economist's Bagehot column called the 'Cutty Sark vision for Britain'⁴ – is palpable nonsense. The UK, after all, still exports more to Ireland than to all four BRICs put together. In 2011 that grouping took just seven percent of British exports; the EU, by contrast, accounted for over 50 percent. China and Brazil, India and Turkey and many other countries will invariably take the UK much more seriously if they know that we carry real weight both in Washington and in the European Union. And the weight we have in the United States also depends, in no small measure, on the contribution the UK makes to EU foreign policy.

As we stand, neither the United Kingdom's position in the EU nor its standing in Washington seem as self-evidently secure as they once did. The beginning of wisdom must be to see that without either, let alone both, the UK's foreign policy would be very seriously weakened. The twin relationships with the EU and with the United States are both essential anchors for the foreign policy we now need. Once outside the EU, the UK would find itself increasingly marginalised in Washington – and in Beijing and elsewhere. Of course we can and should exploit as many global networks as we possibly can, but the UK will be stronger in all of them if it retains its position at the heart of the foreign policy of the European Union. This, it is worth noting, does not require membership of the euro, any more than retaining a strong position with the United States requires playing the poodle in Washington.

The key point to grasp, particularly in relation to foreign policy, is that membership of the EU is an influence multiplier – in both political and military affairs and economic policy.

In 1950, the UK still produced seven percent of world output; by 2010 that figure had declined to three percent and by 2030 it is likely to have fallen to two percent. Yet the EU's share as a whole is 30 percent, and is expected to remain there. The EU has an economic weight in the world which the UK on its own could only dream of. The magnetism of the EU for foreign direct investment – the EU is the largest recipient of FDI in the world – means, according to the OECD and the Bank of England, that a British withdrawal would cut inward FDI by over a third.⁵ The EU has enormous clout in world trade talks: the 2010 EU Free Trade Agreement with South Korea, for instance, has virtually eradicated all tariff barriers for EU exporters, and is bringing half a billion pounds of benefits a year to British business. The twenty leaders of British business who wrote to the Daily Telegraph on 20 December 2011 argued that if the UK did not remain in the European Union more than three million British jobs would be put at risk.⁶

EU membership also brings the UK opportunities and influence extending far beyond the economic sphere. The more closely one addresses the UK's key strategic imperative – the whole question of how best to maximise the UK's global influence and authority, in a 21st Century world in which so many of the main problems cross national borders – the clearer it becomes that as an EU member state the UK exercises far greater influence internationally than it could on its own. Increased trade, a healthy environment, progress in the fight against crime and terrorism, and access to energy and raw materials are all best secured – and European values best defended and promoted – by cooperation at the EU level.

3 Philip Stephens, 'British foreign policy should be realist', *Financial Times*, 20/9/12.

<http://www.ft.com/cms/s/0/edf5a3d6-0261-11e2-b41f-00144feabdc0.html#axzz27Zk24zf4>

4 'Cutty Sark Britain', *The Economist*, 12/4/12. <http://www.economist.com/blogs/bagehot/2012/04/britain-and-eu>.

5 Nigel Pain and Garry Young, 'The macroeconomic impact of UK withdrawal from the EU', *Economic Modelling*, 21(3), (2004), 387-408.

6 <http://www.telegraph.co.uk/comment/letters/8966516/it-is-vital-that-the-Government-remains-at-the-heart-of-Europe-in-order-to-protect-the-single-market.html>

Those who have tried to project British influence in the world since 1945 conclude – by a large majority – that in the foreign policy field in general the option of independent action is a mirage; that with increasing globalisation has come inescapable interdependence; and that real sovereignty is not the ability to say No – as Norway and Switzerland to some extent still can – but the power to maximise, sometimes by pooling sovereignty, our national strength and capacity in the world, as we have done for a long time in NATO.

So if one is looking for the best strategic orientation for the UK's foreign policy, with a view to promoting and protecting our key interests, where will we find the maximum of assurance? Where does the greatest opportunity beckon?

Harold Macmillan, writing in his diary in June 1960, wondered if we would be 'caught between a hostile (or at least less and less friendly) America and a boastful but powerful 'Empire of Charlemagne' – now under French, but later bound to come under German control'.⁷ At much the same time, Jo Grimond warned in the House of Commons that if the UK was not very careful it would end up with no special relationship either with Europe or with America.

My own conclusion is that the UK should always aim both to be as close as possible to the United States and to exercise as much leadership as possible in the EU. Our interests, in other words, lie in an Atlanticist EU. Yet whilst the transatlantic links are hugely important, as Michael Heseltine among others has routinely pointed out, we will certainly not defend our key interests effectively by floating off into the Atlantic.

To turn away from that goal now, seeking solace in the simplicity and doctrinal purity of isolation, would be singularly perverse. We should instead see the battle for power and influence in Europe as the modern version of the 19th Century's Great Game in Asia. And we should realise that in this competition the United Kingdom possesses very substantial advantages.

We have the English language – increasingly dominant in Brussels. The EU, much to French chagrin, has since 2004 become more transatlantic in its mindset than ever before. The UK still probably has the best EU policy coordination system in Europe. And though we have important differences with today's dominant Germany, to a great extent the UK shares with the Germans attitudes both to transatlantic relations and free trade.

The United Kingdom has a long history since 1945 of getting Europe wrong, of being complacently dismissive of any new European 'initiative'. Percy Cradock, for many years Margaret Thatcher's foreign policy adviser, wrote in 1997 of what had in his view been a story of 'mistaken assessments and missed opportunities... a depressing chronicle of delayed awakening to reality, of belated arrival in institutions fashioned by others, of repinings, second and third thoughts, divided counsels and qualified enthusiasms, and a general confusion of policy... designed to achieve maximum pain and minimum influence'.

The right way forward for the UK in relation to Europe is surely not self-satisfied insular impotence, but full engagement; not complacency, but energetic commitment; not the illusory dreamland of past glories, but an absolute determination to do all we can to be a major part of the leadership of Europe.

None of this is out of sentiment – but is rather because that what the national interest dictates. The UK has compelling reasons to ensure that its influence in the counsels of our own continent is as great as it possibly can be. It is in fact rather clear that our national interest is best served when Europe as a whole does well, which curiously enough is more likely to happen if the UK, to the largest extent possible in the domestic political conditions of the day, is involved in it and committed to it. While the UK's ability to act globally on its own has waned since 1945, its interests have not ceased to be global. For hard economic and political reasons, what happens in the rest of the world matters greatly to the UK.

⁷ Alistair Horne, *Macmillan 1957-1986*, (1989), 256.

The United Kingdom is on any analysis better placed to influence what happens in the world because it belongs to the EU, a polity comprising one-fourteenth of the world's population, almost a quarter of global GDP, and a fifth of world trade. At the United Nations, EU member states are two of the Security Council P5, fund 38 percent of the regular budget, more than two-fifths of the peacekeeping operations, and about half of all UN funds and programmes.

If the UK left the EU that would not only endanger our economy but would also undermine our political relationship with the United States and reduce our influence in many international forums. If we want to maximise our prosperity, trade and employment rate, if we want our own continent and the world to be safer and greener, if we want to be as influential as possible in world affairs, there is simply no option but for the UK to be an active and leading member of the EU, thereby – along with our continuing determination to remain close to the United States – giving UK foreign policy the most solid possible foundation. ■



In this research report IDEAS explores the current euro crisis by looking at the debates preceding the conception of the euro. How can the early days of EU monetary cooperation help us understand today's predicament? And what lessons can we draw from them for the euro?

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This essay is a revised version of an address to the General Assembly of the United Nations, to mark the International Day of Non-Violence, observed every year on Mahatma Gandhi's birthday, 2nd October.

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The signing of Anglo-French Defence Treaty has been one of the least reported, and analysed, of the UK coalitions Government's policies, whilst being, without question, one of its most significant. In the context of defence cuts on both sides of the Atlantic and the Channel, and of a Libyan operation in which Britain and France's dependence on American assets surprised some observers in Washington, this paper assesses the consequences of the Treaty for Anglo-French defence cooperation.

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As the world continues to experience the fallout from the 2008 financial crisis, it is increasingly turning towards China. The outsourced 'workshop of the world' has become the world's great hope for growth, and the source of the capital the West's indebted economies so desperately need. Simultaneously, and in the United States in particular, commentators and policymakers have increasingly voiced concerns that the economic clout of a communist superpower might pose a threat to the liberal world order. These contradictory impulses – China as opportunity and China as threat – demonstrate one clear truth, exhibited in the Obama administration's much-trailed 'Asian pivot': that China is important.



It is in this context that this report attempts to provide a systematic assessment of the economic bases of China's foreign policy and the challenges the country faces as it makes the transition from rising power to superpower. In doing so, it is informed by a central question, of to what extent China's remarkable growth has given rise to a geo-economic strategy for China's future.



The events of the Arab Spring were an inevitable surprise. In a region where political oppression and economic under-development were most keenly felt among a demographic bubble of well-educated youth, the classic conditions for revolution were met. However, few could have predicted the spark that would ignite a wave of protest across the region. The final outcome of the protests across the region is still uncertain, but more than a year on, events have settled into patterns sufficiently to allow an interim assessment of their success.

This report finds little evidence to suggest that future historians will rank the events of 2011 with those of 1848, or 1989. Simply too few of the fundamentals of social, economic and political organisation in the Arab world have been successfully contested by the protests. As 2011's Spring turns into 2012's summer, the answer to the question of whether there has been a power shift in the Middle East, is a decisive 'not yet'.

When Hillary Clinton visited India in 2009, the US Secretary of State's verdict was unequivocal: 'I consider India not just a regional power, but a global power.' Following the success of economic liberalisation in the 1990s, which generated growth rates in excess of 8% and a rising middle class, expectations have grown that India might become a superpower, particularly in a West that sees in India's democratic heritage the potential for strategic partnership.



However, there remain deep and pervasive fault-lines within Indian society. Crony capitalism, the collapse of public health systems, a rising Maoist insurgency, and rampant environmental degradation all call into doubt India's superpower aspirations. Rather than seek to expand its influence abroad, India would do well to focus on the fissures within.



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