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## Revitalising Transatlantic Relations

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## EDITORIAL

# Revitalising transatlantic relations

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Mikuláš Dzurinda

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In these turbulent times, we very much need allies, partners and friends we can rely on and work with. Our partnerships have to be based on trust and a vision, but also on concrete cooperation—political, economic, military and cultural. The US and Europe have been natural partners from the start. Over time they have created a common space where the values of human dignity, freedom and responsibility, and solidarity are paramount. These values are now being threatened by independent groups of violent extremists, who are spreading terror worldwide, and by non-democratic regimes that are challenging our liberal-democratic order.

The US and Europe need to continue to stand their ground and be strong together. We have to defend what we believe in and assist others who cannot defend themselves. As prime minister of Slovakia, I have personally experienced the success of transatlantic cooperation. The vision of transatlantic unity between the US and Western Europe has brought democracy and a sustainable economy to Central and Eastern Europe. The region has come a long way, but we can never sit still. I see unnerving developments in some of the neighbouring countries, and it reminds me that we need to continually reach

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higher: to keep liberal democracy as the basis of our societies, where non-governmental organisations and political parties can freely develop and play active roles.

Still recovering from the economic crisis, Europe and the US need to push harder to get back to the standard of living they enjoyed before 2008. There can be no doubt that our common economic agenda is driven by the Transatlantic Trade and Investment Partnership (TTIP). Not only will TTIP bring us more jobs and economic growth, but it will also enable us to set high standards for products. And if it includes an investor–state dispute settlement clause, then—despite what the treaty’s opponents would have us believe—TTIP will strengthen the rule of law. This is because it will protect both states and companies by providing for the minimum standard of treatment required under international law. Therefore, it is rather unsettling that TTIP is facing so much hostility. As partners, the US and Europe need to proceed in the conviction that what we are doing will benefit both parties to the negotiations. It is important that our citizens should also be convinced of this. A strong communication strategy should be put in place to make TTIP opponents see the flaws in their reasoning.

The US and the EU have sometimes approached foreign policy very differently, but their aim has always been the same: to secure a free and safe world. We need to determine how we can best cooperate with rising powers such as Russia, China and Iran. But if necessary, we must endeavour to compel them to respect human dignity and democracy. The West’s foreign policy goals have sometimes been frustrated by its energy needs. The US’s energy revolution and the EU’s policy of energy diversification may ease this tension a little. However, our growing energy independence cannot become a reason to retreat from the responsibilities we have regarding the citizens of countries that are rich in energy but lacking in freedom.

This issue of the *European View* addresses the urgent problems outlined above. As we consider the transatlantic relationship, we should bear the following in mind: what challenges lie ahead, what can we learn from each other and what is the way forward?

The transatlantic partnership is strong. We are partners with the same goal on the horizon: a whole and free world.

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## ARTICLE

# Liberal democracy: the threat of counter-narratives

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Ingrid Habets

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**Abstract** The universalism of liberal democracy is under attack. While the number of democracies in the world has increased, the level of freedom in them has declined. Electoral or illiberal democracies only provide the minimum standard of democracy, where individual liberties remain unprotected. Furthermore, these illiberal democracies have developed counter-narratives that attack the liberal international order, and with it, liberal democracy. These counter-narratives, supported by Russia, China and other undemocratic regimes, confront liberal democracy in three ways: first, they trivialise the violation of individual liberties for the sake of increasing state security; second, the claim of civilisational diversity is used to reject democratic values as incompatible with their culture; and third, they accuse the West of the moral decay of 'traditional' values. Moreover, these authoritarian narratives play to the West's weaknesses. The West needs to defend its hard-won liberties, rights and values by confronting these counter-narratives. Furthermore, citizens have a moral duty to participate politically in order to ensure that democracy continues to work. The transatlantic community needs to ensure that liberal democracy remains at the top of its agenda.

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**Keywords** Liberal democracy | West | Counter-narratives | Autocratic regimes | Values | Freedom and responsibility

## Introduction

After the end of the Cold War, it was generally assumed that liberalism had prevailed and that the remaining non-democratic countries would transition into consolidated democracies. Consolidated democracies are defined by the improbability of regression into authoritarianism, a lack of clientelism (O'Donnell 1996) and the establishment of functioning political institutions. In his paper 'Democracy's Third Wave', Samuel P. Huntington (1991) points out that a new wave of democratisation can easily be set back by a reverse wave, affecting both first-time democracies, which transitioned from authoritarianism to democracy for the first time in the last wave, as well as governments that have experienced previous waves of democracy. However, a reverse wave becomes more and more unlikely as democracies gain more experience and set up consolidated political institutions that guarantee a successful democratic transition (Diamond 2008).

Within the present international order based on liberalism, the West is the only bloc in which all countries have developed liberal democracies. The latter protect our core values and hard-won liberties; without them, the West would lose its identity and its power. Therefore, the issues of liberal democracy must remain high on the transatlantic agenda. However, liberal democracy often remains undiscussed while other crises make it to the table. Complacency in this matter will have very serious consequences: a new reverse wave of authoritarianism is storming ahead and damaging young democracies on the path to liberal democracy. Authoritarian states do not apply liberalism but follow other narratives that form the basis of their regimes. If not stopped, these 'counter-narratives' to the liberal paradigm will be able to gain a stronghold in government and allow suppression free range. This article will make a case for liberal democracy and reject the counter-narratives that have become popular among authoritarian regimes.

## Why democracy needs to be liberal

That democracy is not perfect has never been a secret. As former British Prime Minister Winston Churchill (United Kingdom 1947) put it: 'democracy is the worst form of Government except for all those other forms that have been tried from time to time . . . ' After the first (1820–1926) and second (1945–62) waves of democratisation, the third wave commenced in the 1970s (Huntington 1991, 12).<sup>1</sup> However, it seems that now, after 30–40 years, it has peaked and has tipped over into a reverse wave. Over the past decade, the trend of enthusiastic democratisation has slowed down and, for some countries, has even stopped.

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<sup>1</sup> Each wave was followed by a reverse wave; the first reverse wave set in around 1922 with the coming to power of Italian dictator Mussolini, while the second reverse wave lasted from 1960 to 1975.

The failure of Communism and Fascism has left liberalism as the surviving major narrative. However, not everyone adheres to it: the classic claim is that liberalism is mostly followed by the West and is rejected by others who say that ‘democracy is a Western idea that is inappropriate for some cultures in the contemporary world, whether these be Asian, Islamic [or] Confucian’ (Beetham 2009, 286). However, these political, cultural and economic counter-arguments against implementing democracy are invalid. Even though liberal democracy is more common in the West, it is not a ‘thing’ of the West. Democracy has a universal claim for two reasons: first, there are good reasons for people everywhere to see democracy as valuable on intrinsic, instrumental and constructive grounds (Sen 1999);<sup>2</sup> and second, the justification of universal applicability is underpinned by shared human nature, which does not stop at the borders of a country or region (Beetham 2009). Furthermore, the key to liberal democracy is good governance,<sup>3</sup> something that should be achievable without the cultural, political or economic prerequisites needing to be in place, anywhere in the world (Diamond 2008). There only needs to be political will.

## The shortcomings of democracy alone

While the number of democracies has increased over the years, freedom is declining due to a lack of good governance (Freedom House 2015). As renowned international relations analyst Fareed Zakaria (1997) put it: ‘Democracy is flourishing [while] constitutional liberalism is not.’ While scholars may discuss the various forms of democracy, not all—as will be shown below—are capable of protecting core values and liberties.

The minimum standard for falling into the category of a democracy is to have elections. Indeed, elections are at the heart of any democracy, but the other key words that must be inseparable from them are ‘free’, ‘fair’, ‘transparent’, ‘open’ and ‘competitive’. According to the International Republican Institute (n.d.), ‘[d]emocratic elections are the cornerstone of a representative government, the best way to ensure the peaceful alternation of power between competing political groups and the only means of choosing leaders based on the will of citizens’. If an electorate makes a poor choice in one cycle, it should be able to vote out the disappointing leader in the next cycle. However, elections can be easily manipulated by the ruling elite to ensure that they remain in power forever. Yet, with one or two exceptions, the popular vote has never willingly ended democracy (Huntington 1991, 18). Therefore, there has to be more to a liberal democracy than the minimum of ‘electoral’ democracy.

<sup>2</sup> In his article ‘Democracy as a universal value’, Amartya Sen describes intrinsic value as important for human life and well-being; instrumental value as important for ‘enhancing the hearing that people get in expressing’; and constructive value as important for having the ‘opportunity to learn from one another’, and helping ‘society to form its values and priorities’ (Sen 1999, 10).

<sup>3</sup> Good governance refers to the quality of public administration, and according to UN resolution 2000/64 it includes transparency, responsibility, accountability, participation and responsiveness (to the needs of the people) (UN Refugee Agency 2000).

Without a system of checks and balances, Zakaria (2007, 99) argues, elections are merely legitimising power grabs and create a strongman, as in Russia and Belarus. Zakaria blames the focus on support for elections as the main reason for the rise of these ‘illiberal’ democracies (Plattner 1998, 171). He even concludes that liberal autocracy, such as that found in Thailand and Malaysia, is preferable to illiberal democracy because the former at least better protects individual liberties through the established rule of law: thus these political regimes are presumably more liberal and more affirming of the rule of law, despite being less democratic. However, if political systems are less accountable to their people, then why would they protect civil liberties? In contrast, political sociologist, Larry Diamond (2003, 169) reasons that liberal autocracy is an illusion and states that it is important to think about ‘how democracy can be strengthened and reformed where it exists and introduced where it does not in ways that restrain populist, illiberal, and crudely majoritarian practices.’ While democracy may have become the norm in the world—the most common, and only broadly legitimate, form of government—it often functions in ways that abridge liberty. Liberalism protects these liberties and Plattner (1998, 171) may have been right when he wrote: ‘Liberalism and democracy: [you] can’t have one without the other’.

The only form of governance that embodies fully fledged democracy with fair and free elections and checks and balances is liberal democracy.<sup>4</sup> A liberal democracy is based on the rule of law, freedom of speech and association, a multiparty system, and a strong civil society. Moreover, in a liberal democracy strong political institutions are in place that provide the checks and balances on the ruling elite, and ensure the stability of the democracy while power is being transferred. The necessity of these institutions and the above-mentioned elements is demonstrated by the inadequacy of electoral democracies to remove non-democratic leaders from office and to prevent the reversion of the democratic structure of a country. Therefore, if democratic structures are to endure, citizens’ voices must be heard, their participation must be facilitated, their protests tolerated, their freedoms protected and their needs responded to (Diamond 2008).

## The false alternatives to liberal democracy

While the West is convinced that liberal democracy is a very attractive governance model for the ruling elite and the citizens, other narratives, which denounce liberalism and democracy, have gained ground. Freedom House (2015) reported ‘a disturbing decline in global freedom in 2014’, showing that the third reverse wave is in full bloom. Not restricted to one particular area of the world, non-democratic narratives are cleverly challenging all that the West deems good. How do these narratives find ways to (re-) emerge and strengthen their foothold?

Because it is such an open system, democracy can easily be abused by demagogues and autocrats. The reverse wave is strengthened by young democracies that

<sup>4</sup> ‘The word “liberal” in the phrase liberal democracy refers not to the matter of who rules but to the matter of how that rule is exercised’ (Plattner 1998, 172).



have halted the small steps they have taken on the road to democracy: for example, by power-hungry leaders falsifying elections and threatening any opposing political party (Diamond 2008). However, the promise of a wise and benevolent despot is deceiving, a tale that will never come true.

## Authoritarianism in its many forms

Various forms of authoritarianism have taken root across the world (Huntington 1991). Religious fundamentalism has been used as a justification for establishing authoritarian regimes both by those who support it, such as the Iranian clergy, and by those who oppose it, such as former Iraqi dictator Saddam Hussein. Oligarchic authoritarianism can develop in both poor and rich countries, but is common in countries where corruption is high and business has free range. Populist dictatorships move into the vacuums that are sometimes created within democracies. They seduce people with their simplistic proposals but fail to deliver. A fourth type of authoritarianism is communal dictatorship, where sectarianism is used as the reason for one group to ‘protect’—that is, to control—ethnic or religious separation. Interestingly enough, in 1991 Huntington defined a possible future form of authoritarianism as that ‘in which authoritarian rule is made possible and legitimated by the regime’s ability to manipulate information, the media, and sophisticated means of communications’ (Huntington 1991, 20). However, Huntington (1991, 20) thought that this ‘electronic dictatorship’ would be highly improbable, though not ‘totally impossible’. Today’s Russia has proven him wrong. The emergence of the Internet and new ways of communication have been used by President Vladimir Putin’s regime both to control the country and to expand his influence in democratic countries. Through the use of party finances and consistent propaganda on Russian-speaking TV channels, Putin has been able to exert political influence both in Europe and in countries with a Russian-speaking population (Klapisis 2014; Samadashvili 2014). Putin’s Russia appears to be offering an attractive alternative model, and Europe needs to be aware that the continent is facing an ambitious ideological challenge to its liberal democracies. Unfortunately for the citizens of authoritarian countries, the promises of autocratic rulers are never fulfilled and their countries are always far from becoming safer, more prosperous or more powerful.

## The main counter-narratives to liberal democracies

The overarching idea among autocrats is that the liberal democratic discourse is a cover for the West’s geopolitical interests. It claims, therefore, that the West’s paradigm is no better than anyone else’s. Authoritarians have ‘[o]ver the past decade . . . experimented with and refined a number of new tools, practices, and institutions that are meant to shield their regimes from external criticism and to erode the norms that inform and underlie the liberal international political order’ (Cooley 2015, 49). Three counter-narratives are often used by today’s autocratic leaders to defend their regimes. The first counter-narrative emphasises an alleged trade-off between state security and individual liberty. In order to guarantee security for all, the authoritarian regime represses human



rights and political diversity. Furthermore, it claims that the West is doing the same: that the West is sacrificing the individual rights of citizens in order to ensure their protection. In the post-9/11 era there has been a surge in counterterrorist legislation in which civil rights have become subordinate to state security. While this trade-off might seem legitimate on paper, in practice it can have dangerous consequences if power falls into the wrong hands. This issue is often used by authoritarians as a retort to Western criticisms. Belarus, Turkey and Iran are firm supporters of this counter-narrative. The second counter-narrative emphasises the cultural differences between countries and civilisations. It is supported by, amongst others, China, and touches on the aforementioned claim of the 'incompatibility' of some cultures with liberal democracy's universalism. Protecting the principle of sovereignty and non-interference, like-minded unfree regimes, under the umbrella of the 'democratisation' of international relations, are building the foundations of an 'openly-illiberal international body constituted to check the current . . . international system' dominated by the West (Gilley et al. 2010, 10). These regimes are setting new norms that counter liberalism and, amongst other things, reject the imposition of political and economic conditionality by global governance systems (Cooley 2015, 52). The third counter-narrative defends 'traditional' values and claims that Western individualism has reached a state of moral decay. Mainly backed by Russia, it accuses the West of being decadent and calls for a return to heritage, culture and religion. Here again, the undemocratic regimes use global democratic institutions to pass bills against fundamental human rights, relying on the support of their counterparts. However, using traditional values in this discourse will result in a 'misleading interpretation of existing human rights norms' (Cooley 2015, 53) and will undermine their universality. The three counter-narratives mutually reinforce each other and dispute liberal democracy's universality.

## Illiberalism in Europe

Unfortunately, these narratives are not limited to autocratic regimes outside the West. Liberal democracies in the West, or elsewhere, are not immune to autocratic traits. The line between data collection and privacy limitation in the name of national security has been shown to be a fine one. Individual liberties are now more at risk, as was demonstrated when computer specialist Edward Snowden breached confidentiality and leaked classified information from the US National Security Agency that showed that the organisation had violated the privacy of citizens for the sake of keeping them safe from terrorist attacks. Furthermore, the freedom of the media also needs to be protected. Without an independent media, the information in the public domain would soon become unbalanced, one-sided or even incorrect. This could easily put an end to independent thought. Finally, tolerance of political opposition and the right of public protest must also be protected, while corruption needs to be stopped.

These fine lines need to be safeguarded. At least in Europe, institutions such as the Council of Europe are able to identify this line and warn those states that step over it or show signs that they are about to.

If these narratives are not countered, they will reshape the international environment for the worse. It is well known that success breeds imitation, and more authoritarian regimes (plus some backsliding democracies) around the world are beginning to emulate these practices. It is therefore important to vigorously oppose these counter-narratives and start defending our values and liberties again.

## Defending liberal democracy

There are two sides to the defence of liberal democracy: the first is that liberal democracy must be defended from these counter-narratives, and the second is that it should be defended by its citizens.

These counter-narratives are especially dangerous to liberal democracy as they are well marketed and make use of liberalism's own reasoning. The surging wave of counter-narratives needs to be reversed by liberal democracy's confidence that it is the righteous form of governance.

First, liberal democracies should not let the democratisation of politics on the national and international level be tarnished by anti-democratic forces abusing the system. On the national level, it is paramount that the West protects and strengthens its political institutions that guarantee the rule of law and the separation of powers. Denial by Western political elites that there is 'room for improvement in the application of democracy would be a fatal mistake' (Huhtanen 2015, 46). On the international level, scrutiny and the implementation of laws, applying existing benchmarks of international law, and standard setting are crucial to countering these counter-narratives. This will also allow the West to continue to be the guardian of values and set the global framework, to which these authoritarian regimes need to adapt.

Second, this does mean that liberal democracies need to be true to their values, and respect what it means to be a liberal democracy. Liberal democracy's biggest challenge is to avoid the trap of populism, which often embraces elements of the three counter-narratives presented above. However, it cannot use the same tools as autocrats (e.g. propaganda) in order to counter these attacks.

Third, liberal democracies also need to exercise constraint: they should resist decoupling normative issues from geopolitics—values and interests are intertwined. Liberal democracies are often criticised for applying double standards regarding values: they denounce authoritarian regimes for violating the freedoms and rights of their citizens, while compromising their own values at times. Furthermore, the issues of human rights and democracy need to remain on the agenda in any type of interaction with autocratic regimes.

Fourth, it is important to make democracy work; not only should people maintain democracy after they have obtained it, but democracy should also deliver results to them. The political elite needs to continue to deliver: 'political stagnation, economic inefficiency and social chaos . . . will inevitably be seen as failures of democracy'

(Huntington 1991, 16). In times of economic hardship or political turmoil, liberal democracy faces the challenge of efficiency. In liberal democracies, citizens have many rights, but the freedom of democracy also comes with responsibility: citizens have a moral duty to make it succeed and to ensure its transfer from their generation to the next. Democracy needs to be maintained by the citizens' votes, participation and common sense.

Fifth, an important factor in sustaining liberal democracy is an independent media in order to ensure balanced news reporting. Citizens are easy targets for populists from the far right and far left. With their promising and very simplistic one-liners they appeal to the masses and are able to sell the reasons why any of the counter-narratives would be a good alternative to democracy. Moreover, worldwide, the West's largely independent media presence is diminishing, while biased media stations such as Russia Today and Central China Television are gaining ground, even in Europe. If this trend continues, it will only be a matter of time before the counter-narratives that are broadcast become the truths that people believe in.

## Conclusion

Liberalism is a very dynamic, adaptable and pragmatic philosophy that offers solutions for today's problems, and liberal democracy is the best guarantee against the abuse of power (Suzman n.d.). There is a lot to gain from democracy: autocracies do not solve problems better than poorly performing democracies, and the experience of having democratic procedures and institutions in place makes it more likely that a country will convert to a fully-fledged democracy one day.

Ignoring the challenges and threats to liberal democracy will not help its future. The West can take the lead, but it should team up with other strongholds of liberal democracy worldwide to assist young democracies, and convert, or even put pressure on, non-democratic regimes. The counter-narratives may have got a foot in the door of the free world, but they can be stopped from prying it open further if the West maintains its confidence in liberal democracy. Without this confidence, the West will not only continue to lose its global appeal, but will lose itself too. Currently, the global system is still dominated by the supporters of the liberal international political order, and while this is still the case the debate on defending these core transatlantic values needs to be put back on the West's agenda.

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## ARTICLE

# No party, no society: the EU's and the US's differing approaches to providing international aid to political parties

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**Abstract** While both the EU and the US consider support for civil society an inseparable part of international democracy support schemes, they differ in their understanding of who the key partners for transformation are. US aid to support democratic change in societies includes providing assistance to non-governmental organisations, political parties, trade unions and businesses. In contrast, the EU restricts access to its support primarily to the non-political part of the civil society spectrum. Including political parties and political non-governmental organisations among EU aid recipients would be a quantum leap on the way to a stronger and more comprehensive transition to democracy. This article lays down arguments to support this proposal, draws on ideas from the US experience and outlines basic schemes for its implementation.

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**Keywords** Democracy | International aid | Civil society | Support for political parties

## Introduction

While both the EU and the US consider support for civil society<sup>1</sup> an inseparable part of international democracy support schemes, they differ in their understanding of who the key partners for transformation are. US aid in support of democratic change includes assistance for non-governmental organisations (NGOs), political parties, trade unions and businesses. In contrast, the EU restricts access to its support primarily to the non-political part of the civil society spectrum, mainly the NGOs. This article outlines why a more holistic EU approach to civil society support schemes would be welcomed. With the transition experience accumulated by those member states that have more recently joined the EU and the vast network of non-EU political parties with strong ties to EU party networks, the EU is in a much better position than the US to provide more complex aid to the political part of the civil society in its neighbourhood.<sup>2</sup> By accelerating the use of these two potential strengths, EU aid could become more comprehensive and better targeted. Furthermore, support from the EU and US aid would complement each other, which would make international aid more coherent, especially in those countries with historical and geopolitical ties to the EU.

## US democracy support

The turning point for US aid was the US Congress's response in 1983 to Ronald Reagan's 'Westminster speech' (Reagan 2002), which called for support for aspiring democrats worldwide. Consequently, the Congress established a new structure for US aid—the National Endowment for Democracy (NED). This led to the creation of a whole network of organisations that support the pro-democratic efforts of the entire range of civil societies, including NGOs, political parties, businesses and trade unions.

The allocation of US aid to political parties is mainly carried out by two organisations, the National Democratic Institute (NDI) and the International Republican Institute (IRI). Both receive most of their funding from the NED, the US Agency for International Development (USAID) and the US State Department. The two institutes work on five continents and in more than one hundred countries with political parties, governments, parliaments and NGOs to establish and strengthen democratic institutions and practices. They use both country-based programmes and a multinational approach that reinforces the message that while there is no single democratic model, certain core principles are shared by all democracies. Through this network, the US was ready to provide immediate support to aspiring democracies in Central and Eastern Europe after

<sup>1</sup> In this article the term 'civil society' is construed broadly so as to include non-governmental organisations, i.e. all organisations and associations that exist outside of the state, political parties, business organisations, churches, trade unions and various interest groups. See Carothers (1999).

<sup>2</sup> For the purpose of this paper, the term 'EU neighbourhood' is taken to refer to the EU's immediate neighbours, including the Western Balkans and the countries of Eastern Europe and the South Caucasus.



the fall of the Iron Curtain in 1989. The US invested in building civil societies by providing civic education and training, foreign expert assistance, peer support, and grant-giving schemes for organisations and various grass-roots initiatives and projects, including providing assistance to political parties. The latter was done in close cooperation with the German political foundations, which had already extended their programmes abroad in the late 1970s and 1980s, then mainly to Latin America and Southern Europe.

## The development of EU democracy support

The EU, until then an inward-looking common market-based union, reacted relatively promptly after the fall of the Iron Curtain by developing its first aid schemes. Taking the form of budgetary support and technical assistance to help build state institutions and public administrations or to provide support for legal approximation, this state-centred aid was a counterpart to the US programmes.

Since then EU international aid has moved from purely government-centred support to providing more inclusive assistance, including civil society in its focus. This was a very positive development, as civil society is equally important in bringing about change, but more needs to be done to complete this paradigm shift (Lexmann 2013). The EU must move away from budgetary support and invest a greater proportion of the overall country-based aid budget in civil society, including political parties and organisations. A more holistic approach to democracy support would not only better serve the EU's aspirations in the target regions, but would meet the desires and development needs of the whole spectrum of civil society, from the NGOs and political party structures to the business sector. The first sign of a more differentiated EU approach was the establishment of the European Initiative for Democracy and Human Rights in 2000, which in 2006 became the European Instrument for Democracy and Human Rights (EIDHR). By bringing human rights and civil society into the centre of the changes, the establishment of this instrument indicated a significant shift in the direction of EU support for democracy. However, in comparison with the support for human rights, democracy support in this programme still remains of somewhat secondary importance (Bogdanova et al. 2010; Rihackova 2010). Subsequently, the EU has developed a whole panoply of programmes and tools to support participatory and representative democracy worldwide. Additionally to the EIDHR, democracy support is also provided through various thematic and regional programmes, such as the Development Cooperation Instrument and the European Neighbourhood Instrument, which came into force in 2014. The candidate countries of the Western Balkans also enjoy the support of the Civil Society Facility programme of the Instrument for Pre-Accession.

Including political parties and political NGOs among the EU's partners would be a quantum leap on the way to a stronger and more comprehensive transition to democracy. It would also improve the balance and create bridges among the various civil society interest groups and sub-groups, as well as between these groups and the policymaking, governmental institutions and the legislation drafting process. The EU's favourable approach to NGOs strengthens the mental divide between the two as NGOs

are seen as pro-democratic while political parties are perceived as laggards from the past. Investing in one part of society inevitably weakens the other and thus only a balanced approach can trigger an overall change in political culture and lead to genuine democratic transition.

## Removing the stigma from party support

One external reason for the reluctance to approach political parties when providing democracy support may well be the general decline in interest in political parties that has led to a dramatic drop in party membership in the donor countries (Van Biezen et al. 2012). Aside from general apathy, the legacy of previous government-centred aid, that recognises government as the centre of change, and the narrow understanding of civil society shared by EU decision-makers, as mentioned above, may also contribute to this reluctance.

Experience of democratic transitions tells us that political parties can either lead democratic change or be the main obstacle to it. Well-tailored assistance in the programmatic, managerial and ideological spheres of work, or support in transforming electoral success into responsible and efficient governance certainly supports the former scenario rather than the latter.

Providing assistance to political parties means neither the narrow support needed to ensure ‘free and fair elections’ nor financial intervention in the political arena. It involves supporting democratic checks and balances within policymaking systems, encouraging strong party management and the participatory approach, and creating a space for dialogue with the rest of civil society. The latter is of particular importance as in many recipient countries civil society is highly polarised and the relationship between political parties and NGOs can be rather toxic (ENoP 2014). While local NGOs consider political parties to be volatile alliances that struggle for power and state resources, political parties do not regard NGOs as representative of society as they are perceived as donor-driven and fully dependent on international funding. The current imbalance in EU funding only enhances this gap, which often results in restrictive laws being imposed on NGOs by political parties via their respective parliaments. But as long as political leaders are elected predominantly via political parties, the only answer to these challenges is to provide well-targeted aid that creatively invests in individuals, provides a breeding space for the creation of pro-reform cross-party coalitions and looks for partners in order to assert pressure when needed. The inclusion of all political parties that uphold democratic values is also indispensable to ensuring true progress is made. In addition, the NGO–political party relationship should be of particularly high importance as it is central to a functioning democracy. NGOs should be encouraged to seek communication with pro-reform parties or representatives and, vice versa, political parties need to be more responsive to the needs of NGOs. This would not only improve party policies and engage citizens in the democratic process, but would enrich the variety of policy options for voters by bringing disenfranchised and underrepresented parts of the population into the political discourse, thus contributing to the birth of a free and responsible citizenry. In the long run, greater engagement between civil society and political

parties would strengthen the roles of both sides in the democratic transition. It would also encourage the development of internal democratic procedures within the two sectors, help NGOs to become more representative and increase citizens' confidence in parties, as they would become more accountable to their electorate (ENoP 2015).

Equally, efficient support must address not only individual parties but also imbalances in the political and party systems, gaps in constitutional frameworks, politicised and non-transparent election systems, and restrictive legislation. Weak systems can hinder political parties from fulfilling their role or have a completely inhibiting effect on them, and vice versa. To strengthen political parties individually and as a system, support is often divided into two principal spheres of work: first, multi-partisan assistance, with a focus on party systems, parliamentary procedures and electoral cycles; and second, assistance centred around the development of individual parties or party coalitions. While the EU slowly starts to act in a very limited way solely within the former, the EU member states' political foundations and the US aid organisations are acting within both. It is important to mention that even support to individual parties is impartial from a general perspective as both donors and implementers make sure that all parties that are sharing democratic values are recipients of such support within their ideological context.

Finally, the EU government-centred support that still prevails creates another cleavage in the transforming society. This not only stems from an incorrect premise that the transforming society can be considered to be moving towards democracy (Carothers 2002), but also implicitly exclusively supports the governmental political parties and their networks, for example by providing human capital and expertise. This approach leaves the opposition parties as the only part of the triangle of NGOs, political parties and government that is completely excluded from EU support. This is especially true in highly politicised governmental structures. Yet it is the opposition that has the potential to execute a thorough scrutiny of the government, despite having the least access to various opportunities to be trained and receive expert support. However, governmental political parties do also need targeted support, as their structures become exhausted while in government and they often end up as victims of their own success. This is particularly disappointing if the party was the leading pro-reform partner.

Thus the cleavage between the parties and NGOs, the shortcomings in the framework of party systems versus individual parties, and the breach between government and opposition must all be addressed with a thorough understanding of the political, institutional, historical, geographical and cultural context and, in practical terms, with good coordination among the various donors and implementers.

## Party support in praxis

Apart from training, seminars, round tables and direct expertise, one of the most sophisticated tools for party support is polling. While other instruments focus on capacity building and enhancing expertise, polling builds bridges between political parties and society as a whole and provides a reality check. However, it is one of the most costly

methods of support. Moreover, in countries that have not yet embarked on a democratic path, polling may create extensive security issues. Today polling is used predominantly by US organisations. It provides clear information about the trends in a given society and helps political parties and their institutes to set better-targeted political and communication strategies. Furthermore, it helps international communities, donors and implementers to come up with better fitting and more efficient aid instruments. Without claiming to be the only decisive factor, polling contributed to the setting-up of successful campaigns by the pro-democratic opposition against former Prime Minister Mečiar in Slovakia in 1998. It also helped to identify the strongest candidate—former President and Prime Minister Koštunica—to run against the former Serbian President Slobodan Milošević and to unify the Democratic Opposition of Serbia’s coalition in the 2000 Serbian general elections. Polling is currently being used regularly in Tunisia, the only relatively successful story of the Arab Spring, where it was instrumental for all democratic parties in preparing for the parliamentary and presidential elections in autumn 2014 and is being used in support of the reform processes. In Ukraine, polling is crucial, not only for the current Ukrainian political leadership, but also for the vital pro-reform civil society and all the international players providing support to the country.

One of the biggest challenges to the popularity of the political part of democracy support programmes among donors concerns evaluation and monitoring, as it is very difficult to measure clear outcomes and success. Long-term investment into a small, but healthy political party or coalition of parties, operating in a political system under repression, might eventually, after a couple of election cycles, result in a major accomplishment and subsequently bring about the successful reform of an unhealthy state. But the feeling of doing the right thing sometimes has to prevail for several years despite interim negative results. It must also beat off competing projects which would bring immediate results though on a much smaller scale. Such investments therefore require a strong political and strategic approach based on qualitative measures, rather than on technical quantities. Unfortunately, the latter more closely reflects the current technical nature of EU aid.

In unstable political systems where the direction of political parties changes relatively quickly and they often operate in situations of oppression or very disparate environments, it is of utmost importance that a close working relationship is built up with all the relevant parties that at least to some extent adhere to democratic values. This must be the case both in situations of oppression and in situations where the fragmented opposition unintentionally serves as one of the strongholds of those ‘in power’. It is also necessary when the ruling party is considered a bringer of change, as it could easily become an obstacle to change, thus hindering the pro-democratic potential.

## Strengths and weaknesses on both sides of the Atlantic

Even after the major restructuring of the EU programmes that has taken place recently in order to make them more flexible, those implementing the aid provided by the US

government or the NED still enjoy relatively greater flexibility than their EU counterparts. This lack of adaptability creates a considerable challenge for the implementers of EU aid, especially when operating in countries with repressive regimes and restrictions on any political or civil society activism. The flexibility challenge was one of the drivers behind the establishment of the European Endowment for Democracy (EED) in 2012. The NED served as the model for this new EU democracy assistance provider. The EED does not enjoy the status of an EU institution; nevertheless the EU member states and institutions provide the funding for it and oversee its operation.

Besides flexibility, another requirement of effective democracy support is sustainability. The lack of sustainability has caused some US-funded country programmes to be withdrawn too soon. As a result some countries in the Western Balkans, Eastern Europe and the South Caucasus have ended up in deep political crises without stable party programmes or programmes of a sufficient size.<sup>3</sup> Notwithstanding these examples, in general US support has a rather higher sustainability capacity than that of the EU, as within certain aid schemes, such as the Consortium for Elections and Political Process Strengthening (CEPPS),<sup>4</sup> funding can be extended to avoid disruptions if need be. In contrast, the average life cycle of an EU project is about three years and, in general, funding cannot be extended.

As stated above, EU instruments and tools are designed to act, if at all, only in the scope of multilateral support for political parties, and projects undertaken so far have been limited to general elections or parliamentary work. However, the EU is taking small steps in order to bridge the gaps in its democracy support. In two consecutive projects, it has supported the European Network of Political Foundations (ENoP).<sup>5</sup> Although it did not provide funding for its support programmes, the financial assistance offered contributed to greater coordination among the different political foundations and thus increased the efficiency of their programmes in general and of the smaller foundations in particular. The outreach activities of the platform have also increased the visibility and presence of political organisations in the European discourse on how to best support democracy aspirations worldwide. Furthermore, the European Commission produced a guideline, 'Strengthening democracy support to EU delegations: from performance

<sup>3</sup> For example, in Moldova, US-funded political party programmes were withdrawn before the solidification of the Communist Party's power before the 2001 elections, and in Bosnia and Herzegovina both the IRI and NDI closed their offices in 2008 before reopening them in 2010. A similar situation existed in the former Yugoslav Republic of Macedonia, and it is still not receiving sufficient funds, despite the very complex political situation there. We can observe similar scenarios now, as the US's work with political parties is being weakened in many parts of the world, including Serbia and Bosnia and Herzegovina, despite the unceasing need for support.

<sup>4</sup> CEPPS is a cooperative agreement signed in 1995 and supervised by the USAID Office of Democracy and Governance. As part of USAID's Acceleration Success initiative, the agreement is the principal contractor for the Office of Democracy and Government's elections and political processes programme, which provides technical assistance and support to USAID missions worldwide. The agreement includes the IRI, the International Foundation for Electoral Systems and the NDI.

<sup>5</sup> The ENoP is a representative platform of 70 political foundations from 25 countries. It unites member foundations from six party families: the Alliance of Liberals and Democrats for Europe, the European People's Party (EPP), the Socialists and Democrats, the Alliance of European Conservatives and Reformists, the Greens/European Free Alliance and the European United Left/Nordic Green Left.

indicators, knowledge sharing to expert services’ (European Commission 2012), to help EU officials and delegations to run programmes that are aimed at political parties. And finally and most importantly, the European Commission has included stepping up EU engagement with political parties in its recent Action Plan on Human Rights and Democracy (2015–2019) ‘Keeping human rights at the heart of the EU agenda’ (European Commission 2015, 9).

In this context the recent restructuring of the former European Parliament (EP) Office for Promotion of Parliamentary Democracy into the Directorate for Democracy Support is also relevant. Unlike the Office for Promotion of Parliamentary Democracy, the new Directorate does not choose its target countries randomly or based on unclear criteria or ‘exotic features’, but rather has opted to invest in countries with the highest potential to achieve—thus the European neighbourhood in particular, with Ukraine as the top priority.

## Ukraine in the spotlight

In order to illustrate the support given to political parties by various actors in a concrete example, we should take a closer look at Ukraine. The success of this country in terms of democratic transition is of utmost importance, not only for the people of Ukraine but for the whole of Europe. Out of a total of just 50 projects related to political parties that were conducted by the EU worldwide between 2007 and 2013, only 1 was conducted in Ukraine. It was a project under the EIDHR that supported minority voices in the 2012 parliamentary elections, and had a budget of €46,000 (EuropeAid 2014). That means that no attention was paid to the then opposition political parties during the reign of Ukrainian President Viktor Yanukovich. And yet the onus of running the country, war-torn and with sky-high corruption, today rests mainly on their shoulders. Of course, one could argue that the political parties are part of the problem, but that could have been less the case if greater attention had been paid to them before they took the wheel after the Maidan protests. Moreover, working with political parties while they are in opposition is often easier. Governmental responsibilities exhaust party structures and parties in government are exposed to greater challenges internally and externally and are overwhelmed by the day-to-day workload.

The core portion of the US government’s funding for Ukraine’s political parties and structures is channelled through CEPPS and since 2009 has totalled roughly \$19.5 million.<sup>6</sup> The implementers of the assistance consist of the IRI, the NDI and the International Foundation for Electoral Systems. This funding covers support for political parties; multilateral party programmes, such as work with the Ukrainian Verkhovna Rada and election focused programmes; and support for NGOs. It is hard to separate the funding that has been spent solely on providing party support, as many programmes overlap and work with both NGOs and political parties. However, the IRI share of roughly \$7

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<sup>6</sup> These data have been provided by the CEPPS secretariat to the author.

million was primarily invested into party support, as its programmes with NGOs are relatively few. About \$600,000 of the overall budget was spent by the International Foundation for Electoral Systems on election support programmes. These figures include overheads and office costs in addition to funding spent in the field. Nevertheless, the numbers show that the US's investment into political party capacity building in Ukraine has been considerably higher than that of the EU. Unfortunately, US funding was not increased in proportion to the need and momentum brought about by the events on the Maidan. For example, the IRI was only able to provide training for the more than one thousand candidates in the recent regional elections (October 2015) due to a multi-million dollar grant from the Canadian Department of Foreign Affairs, Trade and Development that runs until 2017. US funding has not increased, both due to its decreasing flexibility and responsiveness, as well as due to the relatively lower level of priority given to democracy support by the current US administration.

To complete the picture for Ukraine, another actor that provides party support is the EED, which has supported programmes aimed at the institutional and organisational growth of two political parties. This support, totalling approximately €190,000, was provided via party-related institutes (EED [n.d.](#)).

Among the German foundations, it is mainly the Konrad Adenauer Foundation that works with political parties and its work is built around three main aspects: capacity building, EU integration, and lessons learned from and reconciliation with the Communist past. The Foundation's annual programme includes around 20 events for political leaders and party members. In its 20-year-long history in Ukraine the Foundation has invested in several tens of thousands of political leaders on the national, regional and local levels. It has also improved the relationship between political parties and NGOs. The other German foundations focus on NGOs, local and regional authorities, and building bridges between the political parties.

The EP has recently launched a needs assessment of the Ukrainian parliament, which will lead to the publication of a 'Report and roadmap on internal reform and capacity building for the Verkhovna Rada of Ukraine' (EP [2015](#)). The process is being led by the Directorate for Democracy Support and involves a large number of organisations, institutes and experts, some of which have been hired by the EP. The report will provide the basis for subsequent tailor-made training and support measures provided by the staff and Members of the EP. The participation of Members of the EP is a very positive change but the EP or the European Commission should also try to see ways to involve reform leaders from the EU member states.

This is already very successfully being done by the Wilfried Martens Centre for European Studies, which has launched a pilot project that takes reform leaders from Central and Eastern Europe to Ukraine to provide support for its pro-reform processes. The Alliance of European Conservatives and Reformists (AECR) has also recently opened a small office in Kyiv and provides consultancy and training for pro-reform political parties in Ukraine. However, the current funding structures do not allow European political



foundations to fully explore their potential to support democratic transition outside of the EU.

## Conclusion

Recognising civil society as an important player in supporting democracy has changed the way the EU engages with countries outside its borders. To make this strategic change complete and thus successful, the stigma surrounding the support of political parties has to be removed and fully fledged party support programmes need to be placed on an equal footing with support for the rest of civil society. This support can be built on three pillars: first, by seizing the potential for European political parties to provide assistance to their partners in the EU's neighbourhood either directly or via their institutes; second, by seeking new ways to support the extraordinary work being done by political foundations, most of which are united in the ENoP; and third, by enabling greater sharing of transition experiences.

Without doubt, one of the greatest potentials of the EU as a donor lies in the transition experiences of its Central and Eastern European member states. Nevertheless, the commitment to utilise this potential remains mainly on the pages of numerous EU papers. Between 2007 and 2010 only 3.6 % (Szent-Iványi 2014) of the total value of all grants and contracts aimed at promoting democracy among the Eastern neighbours was used for projects in which Central and Eastern European organisations were the lead partners. That equates to just 30 projects out of 649. The EU must not only increase the participation of institutions from the more recent member states as implementers of its programmes, but also seek ways to pass on the enormous transition and reform knowledge shared by Central and Eastern European political and party leaders, especially in its neighbourhood. The European party foundations are in the best place to provide the space and structure for such an exchange with the vast networks of political parties in the EU's neighbourhood.<sup>7</sup> The transition experience, combined with the considerable expertise of the parties from old democracies, could translate into a great leap forward in reform processes and legal approximation, as well as in the overall transformation of the political cultures of the parties themselves, thus bringing conversion and change to the societies of neighbouring candidate and associated countries. This potential is clearly demonstrated by the few existing initiatives of this kind, such as the above-mentioned pilot projects of the Wilfried Martens Centre for European Studies and the AECR. However, the current funding structures do not allow the European political parties and foundations to fully explore their potential in this sense.

<sup>7</sup> The EPP has as many as 20 associate parties in the countries of Eastern Europe, the South Caucasus and the Western Balkans. Furthermore, at its last Congress (October 2015) the EPP opened up a new membership status—"Partner Member"—for political parties from the Middle East and North Africa region. Many of these parties are in government. The Alliance of Liberals and Democrats for Europe has about a dozen associate members, the Party of European Socialists has around seven and the AECR also has a few.

Equally, the EU should extend its funding for both the multilateral and one-party targeted support that is currently provided by a strong network of implementers, including the political foundations, the international organisations with a focus on elections and political processes, the European political foundations, the EED and the EP, and perhaps also engage with national parliaments' programmes to support parliamentary democracy. In addition, it should invest more in increasing expertise on working with political parties and parliaments among the EU staff in Brussels as well as at the EU delegations worldwide.

In this respect, it is important that the implementers of political party support do not view their involvement as competing with NGOs for their share of the civil society pie. A more diversified allocation of funds, with clear budgetary lines for support of the political aspect of civil society may be required. Moreover (1) flexibility, (2) sustainability, and (3) a less technical and more political approach must be among the main principles of the support schemes. One way to embrace these principles, and at the same time to accelerate the transition-sharing potential of small political foundations in Central and Eastern Europe, would be for the EU to consider using a sub-granting scheme awarded to a broad consortium of political foundations, similar to the one currently being debated with the European NGO Confederation for Relief and Development in the area of EU funding for development education and awareness raising. This could represent a huge step towards more political, flexible and responsive funding of EU development and democracy support.

Moreover, the EU's support for election processes and election observation missions should take into account the full electoral cycle and not only focus on ad hoc electoral support. It should place special emphasis on the role of running or elected representatives, political parties and institutions, national and local legislators, independent media and civil society organisations in this respect.

Economic and geopolitical arguments and reasons for 'democracy enlargement fatigue' may be put forward. The main principles of democracy support can equally be used to justify disengagement, such as the argument that 'democracy cannot be exported, but has to come from within the societies', or that there are many forms of democracy and we cannot come up with a 'one size fits all' solution. However, neither of the above excuses sets countries that enjoy democracy free from the responsibility of supporting the desire for freedom inherent in every human being. And thus seeking efficient and innovative ways of helping people to enjoy and 'to live' their freedom must be the main aim of any effective foreign aid and a moral prerogative.

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## ARTICLE

# The West and the return of violence

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**Abstract** Over the past 15 years, Western powers have been engaged in numerous battles in which technology has eventually prevailed over a patient but daring field presence. Today's adversaries, such as Islamic State, are well aware of this cultural bias: they are using our post 9/11 exhaustion to grab territories and spread offensive ideology. Western countries have no choice but to adapt partly to its adversaries' methods. Stability and peace will require cold cultural compromises as the pursuit of our interests and values requires a new tolerance threshold towards violence.

**Keywords** West | Warfare | Conflict responses | Courage | Resilience | Islamic State | Russia | Iran

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## Introduction

One icy evening in Kabul in February 2012, as I was pacing a military base, I came across a group of US soldiers by a cosy fireplace. Most of them were young lieutenants and captains but one of them, smoking cigars, dominated the scene. He was in his seventies, had spent close to 50 years in the US Army and began a monologue that none of us interrupted:

I am about to retire in two, three days. I've been through Afghanistan, Iraq, Bosnia, Somalia, Eastern Europe, Korea. I started in Vietnam, did two tours of 500 days each, 500 hundred days in the jungle with a lot of patrols, day and night. I did not have the equipment you boys have today, no frag jackets and we were often camping in the mud. We were bitten by mosquitos constantly, if not worse. Your sweet base life today in Afghanistan has nothing to do with that first tour . . .

It was not difficult to understand instinctively what he meant. The French lost 75,000 troops in the first Indochina War (1945–54) and the US lost close to 60,000 in the second (1965–73). The Western way of war has evolved considerably since those ultimate twentieth-century traumas. Remoteness best characterises today's *modus operandi*: 15-metre-high barricaded walls, huge quantities of food and services supplied daily via plane, the Internet available in every corner of the base, and only restricted authorisation to leave the base and actually meet people (Chandrasekaran 2012). Our tolerance for Spartan conditions, for casualties and for death in general is clearly much lower than it was after the Second World War.

Is this because the battles we engage in today are not worthy of the sacrifice of our youngest generation? French political thinker Tocqueville (1835) used to argue that democracies tend to lure themselves into comfort and private interests, only to wake up when dangers arise. Is this the moment to rise? Or have we simply lost the energy to fight?

## The ways of war: Rumsfeld versus Gates

Back in 2004, US Secretary of Defense Donald Rumsfeld was questioned on his actions to remedy the death of US soldiers caused by increasingly sophisticated 'improved explosive devices'. A young army specialist asked: 'Why do we soldiers have to dig through local landfills for pieces of scrap metal and compromised ballistic glass to "uparmor" our vehicles?' Rumsfeld gave the well-known reply: 'You go to war with the army you have, not the army you might want or wish to have at a later time . . . [Y]ou can have all the armoury in the world and a tank can still be blown up. The goal we have is to have as many vehicles as is humanly possible' (YouTube 2004).

Rumsfeld's call for endurance and a quantitative push are particularly telling. The secretary had previously advocated a more technology-driven course: the 'revolution in

military affairs' concept. Its proponents believe that 'less is more', that new technologies are best combined with reduced infantry brigades to win quick and decisive 'zero-death' victories. Satellites; command, control and communications systems; and precision force ensure tactical dominance. Having placed his trust in this doctrine, Rumsfeld was all the more surprised in 2004 to watch it fall apart when the Iraqi insurgency mushroomed. The 'tooth to tail'<sup>1</sup> ratio was much more land forces driven than that envisaged by the proponents of the revolution in military affairs. Rumsfeld reacted forcefully by committing US troops to intense urban battles with insufficient local intelligence, at the cost of heavy casualties on all sides, including civilians. Combat units became vital to holding recaptured towns before friendly local forces could take over.

The intensity of those early battles could not be sustained. As of 2006, Rumsfeld's more risk-averse successor, Robert Gates, brought the troop's comfort back to the top of the priority list. His memoirs make the case:

Procurement of the heavy MRAP<sup>2</sup> vehicles may also have been delayed because they were seen to be contrary to Secretary Rumsfeld's goal of lighter, more agile forces . . . But I knew damn well that our troops were being burned and blown up in Humvees . . . and that had they been in MRAPs, many soldiers would have escaped injury or death. (Gates 2014, 121)

In the author's note, Secretary Gates confesses the limits of his sentimental spirit: 'early in my fifth year, I came to believe my determination to protect [soldiers]—in the wars they were in and from new wars—was clouding my judgement and diminishing my usefulness to the President' (Gates 2014, xiv). A lot was done to limit civilian casualties as well, both in Iraq and in Afghanistan.

Gates's armoured vehicles obviously made a difference to troop confidence while on patrols, but the secretary failed to solve the West's true operational dilemma: counter-insurgency campaigns to win the 'hearts and minds' of the local population with 25 kilos of gear and 1-metre-thick walls were essentially contradictory and unsuccessful. In Kabul, one would often hear wry comments from Afghans: 'we feel overjoyed by the fact that foreign soldiers are well protected . . . because we are not!'<sup>3</sup> Gates accused US President Obama of not believing in the Afghan operation, but the force protection regulations he approved, that is, the measures to protect troops, created an impression of detachment felt by all Afghans.

Looking back in history, today's Western armies, and that of the US most notably, are following a 'Roman curve', distancing themselves from pure combat. In the early centuries of the Roman Empire, the Romans saw intelligence as deceptive methods that would send a message of cowardice and weakness to their allies and enemies. The

<sup>1</sup> The ratio compares the proportion of combat troops to that of headquarters and logistics units. Combat troops fell from 75 % of all military forces during the First World War to 20–30 % on average for Western countries today.

<sup>2</sup> Mine-Resistant Ambush Protected.

<sup>3</sup> Comment often heard in the streets of Kabul during the author's mission there in 2012.



importance the Romans attached to their reputation of loyalty, courage and force was greater than that placed on short-term tactical considerations. Rome's subsequent inability to locate and forecast Hannibal's invasion route in the third century BC profoundly affected the Empire's methods. 'Exploratores' and 'speculatores' were thus created to inform military commanders of where their troops were headed (Jeanneney 2015).

The US and Europe are also betting on their superiority in information technologies today, leaving ruthlessness and direct combat to others. In parallel, the West's declared enemies are filling that 'courage gap', unmoved by satellite tracking and human rights sermons. As every strategy is built upon the potential and methods of our adversaries, we will now take a look at them.

## The other side: Iran, Islamic State and Russia

For a while, it seemed that two rules were prerequisites to rising among the community of nations: (1) a respect for commerce, and (2) non-aggression towards one's neighbours. China has certainly followed this path to rise as a global power in recent decades. Yet, over the past five years, other nations and groups have been using a more aggressive route to achieve their expansionist goals. They are doing so on the common assumption that the West has become weak.

The first obvious example is Islamic State (IS). The group's jihadist songs are particularly revealing. Below are some excerpts, without the sweet melody:

*The era of decline has ended,  
With loyal men who do not fear war,*

*Who have forged an eternal glory that shall not end or fade . . .*

*Today the world is stuck with astonishment, including America and Obama, the dog  
of the Romans.*

*We broke America in two  
And crushed the European dogs.  
We fed them gall in Iraq,*

*And filled buckets upon buckets [with gall] . . .*

*Life is nothing unless lived in the shadow of death.  
We shall die honourably, standing tall,*

*For there is no benefit in a life of slavery. (Shemesh 2015)*

A few years earlier, Al Qaeda was singing the same tune. Osama Bin Laden was convinced that after having 'beaten' the most brutal army in the world—the USSR in Afghanistan in the 1980s—his group could now take the US Army that he ridiculed as 'a feminised and weak band of soldiers'. One of the masterminds of 9/11, Khalid Sheikh Mohammad, paraphrased his late leader in Guantanamo: 'hundreds of American

crusaders join the US Army, wear the latest military gear, eat the best food in Iraq and Afghanistan and play with their Playstations, while their enemies, the poor Muslim, can't find their daily bread . . . but at the end, the American soldiers go back home and commit suicide' (Mohammad 2014).

Interestingly, IS has learned from Al Qaeda's mistake of making the US a top priority for terrorist attacks. Bin Laden thought that his epic intellectual stand against the West's main 'imperial nation' would raise thousands of supporters. Instead his movement was eventually decimated by US and Western military invasions, drone attacks, and Special Forces operations. Moving forward, IS now views Europe as a more fitting target, 'the underbelly of the West', and the best chance of recruiting supporters, without which the 'Caliphate' will not be able to grow politically or economically.

Iran's regional rise stems from an identical conclusion. The Islamic Republic was initially scared of former US President George W. Bush's unpredictability and talk of regime change in the Middle East (Filkins 2013). However, as the US bowed out of the Middle East, Iran was the first to fill the void and expand. Its leaders feed Western media with schizophrenic messages, alternating between brutality and sour grapes. On the one hand, the West is compared to an impatient and unreliable child, a traitor to its friends that can be manipulated and eventually beaten. Israel, its incarnation, will be annihilated. On the other hand, the West is accused of imperial plots and condemned for its colonial past. Ayatollah Ali Khamenei, Iran's Supreme Leader/authoritarian ruler sums it up for the 'Youth in Europe and North America':

The histories of the United States and Europe are ashamed of slavery, embarrassed by the colonial period and chagrined at the oppression of people of colour and non-Christians. Your researchers and historians are deeply ashamed of the bloodsheds wrought in the name of religion between Catholics and Protestants or in the name of nationality and ethnicity during the First and Second World Wars. This approach is admirable. (Khamenei 2015)

The Ayatollah obviously admires a West, when it is subdued by shame and guilt, that refuses to react when he spreads his militias across the Middle East. The same 'blame ploy' is used by Russia: according to it, either NATO lied to the traumatised nation about expanding into Eastern Europe in the 1990s, or, alternatively, NATO is responsible for the return to the Cold War. Russian President Putin plays on the West's dread of having an enemy: 'We don't understand the difficulty of finding *win/win* solutions with Russia. We are surprised that they only practice a *kto/kogo* diplomacy, best translated by the formula: "getting the other one first"' (Besançon 2015, 21). Intellectuals praised by Putin today, such as philosopher Ivan Ilyin or ultra-nationalist Alexander Dugin, promote antagonistic patriotic values and the readiness to sacrifice oneself for a higher cause.

In many cases, this pride found in violence is the result of a refusal and/or failure to adapt to today's globalised system. The traditions of certain communities or tribes are fragile in the face of twenty-first century dynamics and power plays. Before the 1980s, Afghans were living on a quiet rural planet in a society built upon a code of honour and

horizontal relationships. That edifice brutally collapsed when the modern USSR invaded the country in 1979. Anthropologist David Edwards described the cultural scars induced by the clash:

The disparity between poetic images of ancient battles fought with swords and rifles and the realities of high tech modern warfare was dramatic. Perhaps even more destabilising was the indiscriminate manner and scale with which the new style of combat annihilated people. References to heroic combat were no longer appropriate or resonant in this setting. Islam helped fill this void, but the Islam that came to the fore was not the charismatic saints who turned enemy bullets into water . . . Miracles and saints were no more plausible or relevant in the context of modern warfare than heroic ancestors. What did resonate was the promise of immortality and eternal paradise. (Edwards 1998, 719)

Suicide attacks, one of the few options available to ‘freedom fighters’, had found their religious stamp.

Jihad became a form of mental escape from an asymmetrical tension in which foreigners could punch without receiving any knocks themselves and in which the relationship between central governments and peripheral tribal societies was increasingly broken. It is the revenge of traditional societies, lost in the margins, against the implants of free markets and nation-state institutions. Russia’s mentality is also about digging into a fantastical past in order to sustain a system that is presenting the structural, political and demographic signs of exhaustion. Brute force is also a valid option for Russia, not just because of its disdain for the Western way of life but also because it senses that its society copes with crude violence better than ours.

## Sloth and the fear of death

Contemplating the newly created steam vessels in harbours in the 1900s, Polish novelist Joseph Conrad feared that the industrialised world would lose its soul. How could notions of honour and sacrifice prevail in the absence of any physical effort, when everything was given to you by machines instead of hard silent labour? He goes even further in this romantic passage:

I have always dreamed of a band of men absolute in their resolve to discard all scruples in the choice of means, strong enough to give themselves frankly the name of destroyers, and free from the taint of that resigned pessimism which rots the world. No pity for anything on earth, including themselves, and death enlisted for good and all in the service of humanity—that’s what I would have liked to see. (Conrad 1907, 34)

Conrad would risk apoplexy if he lived today: pity and pessimism have almost become brands in some Western countries. It seems we are scared and even passively fascinated by Western adversaries, as philosopher Allan Bloom remarked:

There is something of this in the current sympathy for terrorists, because they ‘care’.  
I have seen young people, and older people too, who are good democratic liberals,

lovers of peace and gentleness, struck dumb with admiration for individuals threatening or using the most terrible violence for the slightest and tawdriest reason. They have a sneaking suspicion that they are face to face with men of real commitment, which they themselves lack. (Bloom 1987, 221)

Is the Chicago professor correct? Say, if there was a war involving our country, would we be willing to fight for it?<sup>4</sup> Fortunately here, WIN/Gallup pollsters have asked the exact same question in more than 60 countries since the 1970s. The 2014 results are displayed below (Table 1).

On average, only 25 % of Europeans respond that they are willing to fight for their country. The number of volunteers tends to increase when income and level of education rise, as well as among younger people (18–34 years old). However, some trends are worrying: while 44 % of Americans are willing to defend their country, only 30 % of young Americans (18–24) respond likewise. In contrast, 75 % of the same age group in Russia would risk their lives for their flag. This is clearly a comparative advantage, which Putin is bearing in mind at the moment.

So what is it? Have Western imagination and stamina gone elsewhere, off on spatial adventures or high-tech projects? Have we lost faith in ourselves, in who we are as a political group?

Julien Freund identified the gap between religious and non-religious societies as having deeper features than simple differences in spatial observation or personal cosmic beliefs. For him, the West's point of no return with its religious self was reached when it ceased to pine for salvation and venerate death, to embrace a 'collective project that is its own redeemer'. Man can be saved on earth by leaving nature behind and following organisational and technical innovations, potentially leading him to satiety and happiness. The problematic consequence of that logic is that 'men become happy because they do not meet any obstacles or resistance any longer . . . while experience insists on the importance of the struggle, on life as a collection of forces resisting death'. As we aim for 'frictionless experiences'—a key digital neologism—'men turn into a mortal god for whom death is the absurd punishment of a wrong that does not exist' (Freund 1975, 36).

In a way, the violence emerging from the Middle East and Russia has the merit of forcing us to introspection. In the West today, everything should be easy, safe and insured: do not hit our children, provide a smooth path for new immigrants, don't sacrifice this generation of taxpayers to repay our national debts and so on. Our post-Second World War World 'collective project' has lost steam and is becoming increasingly hypocritical. The intrusion of violence is transforming that equation: one can afford the luxury

<sup>4</sup> The question itself is flawed: what would 'involve' mean here? Are we talking about military intervention? Joining the army in general? Is it an outright invasion? Nevertheless, these data are welcome as we believe that the last part of the question bears little ambiguity: would you fight for your country? This poll is about instincts, a quick emotional 'yes' or 'no'.

**Table 1** If there was a war involving your country, would you be willing to fight for it?

Countries	Yes (total, %)	No (total, %)	Yes (18–24 years old, %)	No (18–24 years old, %)
Australia	30	43	14	65
Belgium	19	56	26	51
Brazil	48	44	56	37
Czech Republic	23	64	33	52
France	29	44	31	46
Germany	18	62	21	66
Israel	66	13	68	10
Italy	20	68	30	60
Japan	10	43	6	38
The Netherlands	15	64	19	61
Portugal	28	47	32	43
Russia	59	20	75	10
Turkey	73	21	77	19
Spain	21	49	13	66
United Kingdom	27	51	29	55
United States	44	31	30	43

Source: WIN/Gallup 2014.

of procrastination with public debt or juvenile misconduct, but not with physical aggression. Enemies appear of their own accord, without asking permission, pointing at past mistakes and inventing new ones, or blaming us for the structural global imbalances at the centre of capitalism. If dialogue is not possible, then authority and violence are vital to keep our values afloat.

## How we should fight back

Frankness is required when discussing our current reactions to IS or Putin's Russia: we are afraid. We are afraid of its brutality in the case of IS and we are afraid of Moscow's unpredictability. There is no shame in admitting this when it allows us to move in the right direction.

Focusing on mentalities, we see a paralysed West that still cannot forgive itself for the First and Second World Wars or the Holocaust. We see a global project that allowed relative stability and has lifted millions out of poverty, yet is insufficiently defended. Our confidence is constantly eroded by black swan reasoning. While staying true to ourselves, I want to show what embracing risks for better strategies would mean in several examples:

- *Ensure free rules of engagement for our military.* As terrorist organisations use civilians as shields, tragic mistakes will have to be made for the sake of ending conflicts and ensuring long-term stability. Soldiers sent out on the ground to guide airstrikes—forward air controllers—should ideally share their targeting mission with local partners while being backed by their Western superiors. To root out IS, villages and towns will have to be partly damaged. As the Center for Strategic and International Studies rightly said in a recent report, ‘the US cannot afford to make avoiding civilian casualties a strategic objective’ (Cordesman 2015). There is, indeed, nothing moral about prolonging wars.
- *Beware the tempting ‘two armies’ model.* There is no question that special forces and, in general, our best trained units will be decisive on the ground. But this should not affect the level of equipment and training provided to the extent that only 20 % of our militaries are fit for duty and 80 % feel marginalised. Our armies are much more than foreign expeditionary tools: they are models for our society whose vow of commitment to the security of our nations should be respected. Courage should not become the monopoly of the military elite.
- *Forget technology for the present and embrace mobility and austerity.* Drones and fighter jets are useful, but a war is won through attitude as much as through achievement. The 2013 French operation in Mali provided important lessons in that regard:
 

The French use relatively lightly armoured wheeled vehicles, which have smaller sustainment requirements compared with heavier, tracked vehicles; [they] prefer mobility over protection, a choice that reflects their cultural and doctrinal emphasis on manoeuvre; [they] draw on an expeditionary culture, which reportedly makes coping with austerity a point of pride and also reinforces certain approaches toward operating among local populations. (Shurkin 2014)
- *Cut humanitarian supplies when they help our enemies.* As 30 % of the Middle East and North Africa has become inaccessible to aid workers and diplomats, humanitarian programmes can do more harm than good. The UN and EU attach great importance to the ‘neutrality’ principle—that help should go to all in need—yet this implies providing supplies to villages held by IS, or President Bashar al-Assad in the case of Syria. If the West is serious about shaping events in the long run, aid and development should fall under the realm of political strategy. Again, putting an end to a conflict by making tough choices is worth more than feeding the same conflict.
- *Civic service for the young and beyond.* Familiarising all generations, including the youngest, with the contents of a first-aid kit in case there is a terrorist attack, with the right reflexes when injured persons are conscious or unconscious, and with basic self-defence moves could form the basis of a national civic service. This civic service would not be a sequel to mandatory military service but an educative break—of say, between 3 and 6 months—during which teenagers from all regions and all social classes would mingle with associations and civil society, learning from the professional experience of adults while acquiring practical skills. How many times has the infamous ‘Generation Y’ heard of the combative spirit acquired from long walks in forests and team activities in harsh conditions?

A mental shift is needed. Without denying our love of life, the West needs to overcome the perils of comfortable saintliness. French essayist Senancour's collection of letters, *Obermann*, provides an admirable impetus for the disenchanting agnosticism hidden in most of us:

'L'homme est périssable.—Il se peut, mais périssons en résistant, et, si le néant nous est réservé, ne faisons pas que ce soit une justice.' ['Man is ephemeral. That may be; but let us perish while resisting and, if nothingness awaits us, let it not be justice']. (Senancour 1804, author's translation)

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## ARTICLE

# Europeans: don't be afraid of your culture!

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Bruno Aguilera-Barchet

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**Abstract** The West has exercised international hegemony since the Middle Ages. The European states, until 1918, and the US, up to the end of the Cold War, proved capable of imposing their leadership through their military and economic dominance. Today, however, the Western nations are not the only world powers. China, India, Russia and some Islamic countries share global leadership with the US, while Europe is struggling to find a way to be relevant in the twenty-first century. Merely constituting a massive common market is insufficient. In this endeavour Europe is not taking advantage of its most valuable asset: its rich cultural legacy, rooted in thousands of years of history. Ironically, the young US has thus far done a better job of projecting power globally by exploiting its soft power. Placing the humanities back at the centre of education would be the best way for Europeans to recover both their identity and an important role on the world stage.

**Keywords** Western civilisation | American culture | European culture | Soft power | Education | Humanities | Multipolar world

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## Introduction: ideas versus economics

One of the premises of Marxist ideology is that everything that happens in the world happens, essentially, for economic reasons. Social organisation and policy are reduced to the struggle between classes, which is posited as the engine that has driven all of history. According to Marxist thinking, the same is true of literature, philosophy, art and culture in general, which are considered to be fundamentally the consequences of economic realities. It is this thinking that is behind the analyses of literary and artistic movements and styles, such as that by Arnold Hauser in his canonical *The Social History of Art* (1999, originally published in German in 1951).

This approach, however, in which everything in life hinges on the economy, does not always reflect reality. Limiting ourselves to the history of Europe, there are many cases in which it is clear that *ideas* have triggered transformation. One example is provided by Thomas of Aquinas (1225–74), who managed to render Aristotelian philosophy compatible with a Christian worldview. Again, during the Renaissance, writers and artists saved Western civilisation from medieval otherworldliness by rediscovering the classics of antiquity and embracing a more rational understanding of reality—one example here would be the artist Filippo Brunelleschi (1377–1446) and his discovery of perspective. This is why, since the Renaissance, Europe has been a transformational force in the world. As Régis Debray (2014, author's own translation) astutely observes: 'the ancient sage contemplated the world; the Arab sage sought the magical formula that would allow him to acquire riches while barely moving; but the Western sage became an engineer.'<sup>1</sup>

The transformational power of the Enlightenment is clearer still, as the ideas of the *philosophes* directly fuelled the American and French Revolutions. American democracy, which Alexis de Tocqueville (2003) very lucidly analysed, and whose evolution he astutely foretold, rests essentially on the works of Voltaire, Diderot, Montesquieu and Rousseau, and their predecessors Bodin, Hobbes and Locke, among others. Here the political and legal organisation of a society followed parameters previously defined by intellectuals. Their ideas found expression in foundational documents such as the Declaration of Independence (1776), the US Constitution (1787) and the Bill of Rights (1791). These documents, in turn, became the cornerstones for the construction of one of history's most democratic and powerful states. American democracy was initially an intellectual creation. It should come as no surprise to us that John Adams, the second president of the US, translated a fragment of Justinian's *Digest* from Latin to English each night.

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<sup>1</sup> Debray believes that the dawn of the Western vision of the world can be traced to the Italian Quattrocento: 'I believe that the West was born on the day that Petrarch ascended Mount Ventoux. For the West is defined by the idea that one must go from contemplating the world to dominating it—thus, one must not merely contemplate Mount Olympus, as the Greeks did, but climb it' (Debray 2014, author's own translation). Circa 1350 Petrarch published a letter in which he considers himself the first person since antiquity to climb a mountain for the exclusive purpose of enjoying the view, referring to his ascent of Mt. Ventoux, in Provence (France), on 26 April 1336. On the meaning for Western history of the ascent of Mount Ventoux by Petrarch, see Blumenberg (1985, 341–2).

## The powerful allure of the ‘American way of life’

If the US, thanks to former US President Woodrow Wilson, had become the premier Western power by 1919, its role as such was consolidated by and unquestionable following the collapse of Europe in 1945. Thus, the reordering of the world after Hitler’s defeat was negotiated in the US at conferences such as that at Bretton Woods. The main organisations arising from this international reconstruction, such as the UN, the World Bank and the International Monetary Fund, are all headquartered in North America. Thanks to its military might and economic clout (hard power), the US won the Cold War (1948–89) against the USSR and the Communist world. Its victory, however, did not mark the ‘end of history’, contrary to the predictions of Fukuyama (2012). This is demonstrated by the attacks on 11 September 2001; the growing conflict between the West and radical Islam; and the rise of other burgeoning powers, including China, India and a neo-imperial Russia under President Putin, which have rendered the world multipolar.

Despite these developments, however, the US continues to boast a virtually uncontested international monopoly over soft power, as it is incontrovertible that American civilisation has prevailed, with the world admiring and seeking to adopt the ‘American way of life’. This is true not only from a technological point of view, in its use of smartphones and tablets, but also with reference to the success of the US’s films and television series; the Oscars awards ceremony, for example, is recognised as the world’s leading cinematographic event. We don the fashions worn in the US, and many of us eat American, thanks to the country’s fast-food chains and soft drinks.<sup>2</sup>

As Europeans we are also fascinated and affected by the US’s soft power, accepting with few reservations its cultural hegemony, and even adopting quintessentially American celebrations such as Thanksgiving and Hallowe’en, which have no roots in our traditions. And we follow the US presidential elections as even more important than our own,<sup>3</sup> because the president of the US has become the West’s unquestionable leader.<sup>4</sup>

The biggest challenge we face as a result of believing in the US’s cultural hegemony is that many Europeans tend to harbour a certain complex about their own cultural

<sup>2</sup> ‘In Vietnam the GIs lost, but Coca-Cola won the war.’ In Vietnam today, ironically, the US is the dominant influence, rather than France, which occupied ‘Indochina’ for almost a century. Today the Vietnamese strive to speak English, not French, and it is the US model that captures young people’s imaginations. ‘True hegemony exists when domination is not only accepted, but desired by those who are dominated.’ This is the great victory of the US. (Both quotations are from Debray 2014, author’s own translations).

<sup>3</sup> Régis Debray believes that one of the West’s strong points is its ‘unprecedented cohesion under the aegis of Washington—which, when all is said and done, is accepted by all. In a multipolar world, the West is the only unipolar entity. A Chinese would never allow himself to be represented by an Indian, nor would an Indian agree to be represented by a Chinese. And the same could be said of a Brazilian and an Argentinean, or a Nigerian and a South African. In contrast, the West has only one emergency phone number: that of the White House’ (2014, author’s own translation).

<sup>4</sup> ‘We should not be surprised that when Barack Obama was elected president of the United States the entire world sighed with hope, because everywhere there was a feeling that a president for all of humanity had won’ (Zuppiroli 2014, 24).

heritage. Too often, we undervalue it. We do not dare to truly defend it, or to publicly uphold it, feeling that it belongs to the past and that Europe is outmoded and out of step with today's world. This is due to the fact that Europe has lost its identity, to a great extent, by committing to an essentially economic union in which cultural integration has been deferred. The surprising thing is that today Americans are actually the greatest champions of European culture.

## The US's fascination with European soft power

It is, without a doubt, a paradox, but today it is in the US that European culture is most valued. The phenomenon is not actually new; Charles Dickens (1812–70) read his works in the US, drawing massive crowds (Pearl 2009). The presence of European culture in the US increased after the temporary triumph of Nazism in Europe, which spurred eminent European artists and intellectuals to emigrate and settle there. These individuals included the film directors Fritz Lang and Billy Wilder; the Austrian jurist Hans Kelsen, father of the redefinition of the 'rule of law' doctrine; and the politician Jean Monnet, the architect of the process of European integration, who, in the 1930s, became one of the most eminent members of the think tank advising President Franklin Delano Roosevelt, enabling him to have a major influence on the launch of the European Recovery, better known as the Marshall Plan.

The fascination with European soft power also transformed art in the US. An example from the fine art world is that of John Singer Sargent (1856–1925), an American who was born in Florence and died in London and managed to completely master the technique and capture the pictorial genius of the greatest French Impressionists, along with his fellow American and Francophile Mary Cassatt (1844–1926). A genuinely American pictorial vein was created by Edward Hopper (1882–1967), who spent a good part of his life in Europe, which has caused his work to be highly valued by Europeans. Likewise, the discipline of photography, a European invention, soon spread to the US as a result of Europeans moving to the New World. These migrants included Alfred Stieglitz (1864–1946) born in Germany; Weegee (1899–1969) born in Austria; and Robert Frank, born in Zürich in 1924,<sup>5</sup> whose best-known work was his new vision of the American Dream presented in the famous work *The Americans*. Without a doubt these migrants had a decisive influence on the work of US photographers such as Garry Winogrand (1928–84), Diane Arbus (1923–71) and Annie Leibovitz (born 1949), unquestionably today's most renowned photographer.

In the field of literature it is necessary to mention American writers such as F. Scott Fitzgerald, John Dos Passos and Ernest Hemingway, who were undeniably fascinated by Europe. They were the 'Lost Generation' ably described by Cynthia Ozyck in her book *Foreign Bodies* (Ozyck 2010), and by American film director Alan Rudolph in his splendid European-style film *The Moderns* (1988). Since the 1960s the deconstructivist

<sup>5</sup> Frank was a disciple of the US photographer Walker Evans, who, with Dorothea Lange, revealed images that captured the terrible realities of the Great Depression at the request of President Franklin D. Roosevelt, in an effort to sway US public opinion so that the nation would accept his New Deal reforms.

and structuralist revolution, dubbed ‘French Theory’ and advanced by European thinkers including Derrida, Barthes, Cixous, Kristeva and Deleuze, has been widely accepted by literary critics and the departments of literature at US universities, to the extent that it informs the vision of contemporary American writers as influential as Paul Auster and John Irving. These authors do not hesitate to adopt the most avant-garde literary techniques, although without abandoning the narrative thread, following the model of the European novel as defined by Maupassant (1850–1893) in his prologue to *Pierre et Jean*. Paul Auster evidences this tradition in *Brooklyn Follies* (2005) and John Irving sets many parts of his novels in Europe, such as *The World According to Garp* (1982), and, more recently, *In One Person* (2012), part of which takes place in Madrid. Meanwhile, one of the world’s most esteemed literary critics, American Harold Bloom (born 1930), is a staunch defender of European literature as the foundation of Western culture (Bloom 1995).

The most recent example of an American creator fascinated by Europe is Woody Allen, whose films are even more popular in Europe than in the US. This has prompted him to shoot some of his most famous projects on the Old Continent, demonstrating an obvious European sensibility in films such as *Match Point* (2005), in which he portrays the English gentry in a magnificent counterpoint to Theodor Dreiser’s *An American Tragedy*. Allen has also ventured into Spain to shoot *Vicky Cristina Barcelona* (2008); into France to film *Midnight in Paris* (2011), a work expressing nostalgia for a bygone era when Americans formed part of the Parisian cultural universe under the aegis of Gertrude Stein; and Italy, to create *To Rome with Love* (2012).

## Education and soft power

In light of all this, it is worth asking whether this European cultural attitude which we have towards US soft power is, to a great extent, a consequence of the fact that the US has also become the world’s premier force in the field of education. US universities are training grounds for elites from all over the planet; even the children of Chinese leaders attend US business schools and colleges. Fascination with the American model even prompted the EU to seek to adapt the continent’s higher education model to look more like that of the Americans’ under the Bologna Process of 1999. This initiative, in spite of its positive points, has devalued our own university tradition (Aguilera-Barchet 2012). Is there a relationship between the complex that we Europeans have when it comes to defending our cultural traditions and the degradation of our educational model? There clearly is, as the paradigmatic case of France shows.

## Has French culture died?

French culture is, traditionally, one of the most respected in the US. Thus when, in 2007, the US journalist Donald Morrison wrote an article in *Time* magazine titled ‘The Death of French Culture’ (Morrison 2007) French intellectuals were indignant, with thinkers on both the right and left quick to respond to what they viewed as insolent criticism

(Compagnon 2010). However Morrison had only set forth the evidence that showed how French culture had lost its influence in the world, a fact surely due, in great part, to the progressive dismantling of the French education system over the last 50 years.

The revolution of May 1968, which failed in the political sphere, nevertheless triumphed notably in the ideological and educational arenas. Almost half a century later, the ideological celebrators of the 1968 Revolution continue to dominate French education. In spite of a succession of governments on the left and right, national education has remained in the hands of the ‘pedagogocrats’ ensconced in the Rue de Grenelle, the headquarters of the French Education Ministry. Only now is there a growing recognition, even on the left, that the educational reform has failed, and that several generations of French students have been done a disservice (Marianne 2015). Despite this, the current minister of education under the Socialist government of President Hollande, Najat Vallaud-Belkacem, insists on a line that seeks to eradicate any references to culture, suppressing history, philosophy, literature, Latin and Greek, in favour of a positivist scientism that constrains freedom of thought and leads to the progressive elimination of thinking people, turning citizens into submissive subjects. This is the kind of society described in Huxley’s *A Brave New World* (1932), in which citizens gladly accept a system of social classification based on postulates which are not to be questioned. In reality, intellectuals in France who seek to develop their own lines of thought without endorsing official positions, such as Régis Debray, are considered traitors by their colleagues.

The worst part is that the education system inspired by the ideals of May 1968, which was originally designed to reduce social inequalities, has actually aggravated them. The result is that today, gaining access to France’s elite education, offered at its *Grandes écoles* of engineering (École Polytechnique) and business (Hautes Études Commerciales), and at the École Nationale d’Administration and the École Normale Supérieure, is almost impossible for the children of families without economic resources. The education system imposed by the left is, then, much more socially unjust now than it was before 1968 (Marianne 2015, 42).

Obviously, this degradation of France’s public education system has undermined the influence of the country’s intellectuals. Many French thinkers were leading figures in the 1950s and 1960s, but today, French intellectualism is subject to a dictatorship of political correctness and *pensée unique*. This has led the average Frenchman to lose respect for his country’s thinkers, and thus explains the lamentable popularity in France of the extreme-right thinker Eric Zémour (Zémour 2014).

## In search of the lost soft power

Having reached this point, one must ask whether Europe has definitively lost the battle for soft power. And the answer ought to be a resounding ‘no’. First, because when it comes to daily life the world remains rife with European elements: pizza is from Naples; the baguette, Camembert and champagne are French; and *jamón serrano* is Spanish. The great fashion designers—Valentino, Chanel, Nina Ricci, Versace, Dior and Yves

Saint Laurent—are still mostly European. The world's leading multinational fashion firm is Zara, built by Spain's Amancio Ortega (born 1936), while in cosmetics the leader is France's L'Oréal. Luxury continues to be a European concept.

In addition, thanks to what has been called the 'cultural exception', the EU has promoted the development of an excellent cinematographic industry in Europe, not only with reference to feature films, but also the production of quality European television series, such as France's *Engrenaje*, Spain's *Isabel*, and Denmark's *The Killing* and *Borgen*. In the literary field Europeans are beginning to publish international bestsellers once again, such as those produced by the UK's Ken Follett, Sweden's Stieg Larsson and Denmark's Jussi Adler Olsen. France's Patrick Modiano won the 2014 Nobel Prize for Literature, demonstrating the manifest recovery of French culture, as splendidly pointed out by the UK's Sudhir Hazareesingh (2015).

In addition, European soft power is not only limited to the strictly intellectual or artistic spheres. It also has much to contribute to the way we organise our societies in Europe, as demonstrated by the case of transport. During the Eisenhower administration the US automotive industry exerted considerable pressure on the government to build a national interstate highway system, whose construction sent the US rail network, then excellent, into decline. As a result, today Europe is well ahead of the US in terms of rail infrastructure. Europeans use public transport much more, which is not only environmentally sound, but enhances our quality of life too. European soft power has, then, much to offer for a Western cultural renaissance, provided that it is based on true talent and admiration for and respect of Europe's cultural heritage.

## Conclusion: soft power, the West's greatest potential contribution to the world in the twenty-first century

At first glance today's world belongs to pragmatists, economists and businessmen, and not to intellectuals or artists. But, if this were true, we would be dealing with an economy of scale in a multipolar world in which Europe and the US would be at a disadvantage. And yet the fact is that we still have the upper hand and a lot to offer when it comes to soft power: Western patterns are still the most widely accepted all over the world and, in the end, cultural reflexes are the most important of all.<sup>6</sup>

The problem for Europeans is that if we want to play an important role in the world again we must regain our pride and confidence in our own soft power. Europe cannot

<sup>6</sup> At the decisive moments of history, the keys are always cultural. In the second century BC Rome had serious problems subduing Hispania. The Celtiberian tribes had revolted, and Rome's legions were unable to suppress them. Rome decided to send to its greatest general, Publius Cornelius Scipio Aemilianus, to put down Hispania's rebels. There was, however, a problem: he was not of legal age. In spite of this, the Roman Senate agreed to name him commander-in-chief, upon the condition that he be accompanied by a tutor. Designated for this position was one of the era's most renowned intellectuals: the Greek historian Polybius. Though old and frail, he accompanied the great general who, after seven long years of siege, took Numancia in the year 133 BC.



limit itself to being merely a great market, but must find its own way to represent itself and present itself to others (Debray 2014). We must reconstruct our cultural identity and encourage our young people to once again study our history, literature and art. Thus it is indispensable to equip them with humanist educations, the only type capable of enabling them to understand the world they live in.

Of course, recovering our European identity does not mean we should ignore US soft power. In the same way that American intellectuals admire European culture, Europeans must appreciate American culture in order to understand how Europe is unique. Rather than competing, the aim should be to foment intellectual and artistic exchanges spanning the Atlantic, which, as we have seen, can yield excellent results when it comes to achieving original and attractive soft power.

The recovery of Europe's cultural essence, without a doubt essential to the Old Continent becoming a major force in the twenty-first-century world, is the challenge that Europeans have ahead. And we can only achieve this if we transform our educational system into an instrument that produces thinking young people who rediscover and admire their culture and centuries of history. Europe will only become internationally relevant again if it effectively bolsters the forces of Western soft power. Only then will it be possible to join Tony Judt (2010, 800) in thinking that the twenty-first century might yet belong to Europe.

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## ARTICLE

# Broken systems: the 2014 humanitarian crisis in the US and policy insights for Europe

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**Abstract** Both the US and Europe are grappling with migration systems in need of reform and repair. The US has made several attempts towards a comprehensive reform of its immigration system, but partisan divides stand in the way. With large numbers of migrants and asylum seekers coming to Europe, EU leaders have been forced to address the broken Dublin system. It has become clear that the current refugee crisis is not just a European crisis. The US has also been facing a humanitarian crisis, one less noticed by Europeans. With an unprecedented number of unaccompanied minors trying to make their way to the US from Central American countries, the US—like Europe—is tasked with balancing humanitarian protection and border control requirements. In response, the US has employed policy responses to bring down the number of unaccompanied minors. These measures can provide insights for Europe.

**Keywords** Migration crisis | Migration policy | US | Refugees | Unaccompanied minors

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## Introduction

If one were to sum up the transatlantic similarities regarding migration these days, one could easily say that both sides of the Atlantic are trying to repair broken systems. For many years now the US has been attempting, albeit unsuccessfully, to repair a dysfunctional immigration system. It has been trying to determine how to proceed with the country's 11 million undocumented migrants (whether to legalise them or not), how best to protect the border and how to coordinate with other countries on setting up better visa systems for high- and low-skilled immigrants. To these problems must be added the humanitarian crisis in 2014 when an unprecedented number of unaccompanied children tried to make it to the US, heated discussions on migration in a pre-election year and the current intense debates about taking in more Syrians amidst security concerns about refugees.

Across the Atlantic, European leaders have been more or less forced to address the broken asylum and refugee system as record numbers of asylum seekers and migrants have been coming to Europe. The 28 member states have been quarrelling about the Dublin and Schengen regulations; arguing over quotas, relocation and resettlement; building fences; assessing border security; and dealing with integration concerns against a backdrop of rising populist sentiment and heightened security debates. In the midst of all this, national interests continue to trump interests common to all Europeans, and seriously endanger the European ideal. The European Commission and the member states have feverishly tried to determine how to keep and resuscitate the Dublin regulations and how to maintain a common European spirit. But as with everything in need of major repair, the question is whether to fix it or to replace it with something new.

The US dealt with the 2014 humanitarian crisis against the backdrop of a broken immigration system. Three policy responses emerged that are worth considering in greater detail as Europe searches for policy options to solve the current migration and refugee crisis. While the partisan divide in the US continues to block any reform of the immigration system, three policies have been put in place that have contributed to bringing down the number of unaccompanied minors coming to the US:

1. targeted information campaigns,
2. increased cooperation with neighbouring country Mexico for the externalisation of border security, and
3. the in-country processing of asylum claims in countries of origin.

A closer look at the situation in the US can provide policy insights for Europe.

## Failed attempts at a comprehensive reform of the US immigration system

About 320 million people currently live in the US. Of these about 42 million or 13 % were born outside the country. It is estimated that about 11.3 million people are living in the US without legal documentation, a drop from a peak of 12.2 million in 2007, when the recession started to hit (Passel 2015). The question of how to proceed with this large group of undocumented immigrants blocks any serious immigration reform—policy proposals currently range from regularising all those without documents to deporting them all. Furthermore, there is no agreement as to what should be given priority in the endeavour to fix the system: regularisation or securing the border. There is no compromise in sight that would meet both needs.

This has prompted some to argue for a piecemeal approach that would involve changing less contested aspects of the immigration law that are in dire need of reform, such as raising the low caps on immigration for the highly skilled. In June 2013 it looked as if there was a slight chance of immigration reform when a bipartisan Senate bill—coordinated by the ‘Gang of Eight’, four Democratic and four Republican senators—passed the Senate. This comprehensive immigration reform would have truly transformed most aspects of the US immigration system. The main provisions would have led to enhanced border security measures by doubling the number of border patrol agents to more than 40,000; expanding the current fence along the 3,000-km-long south-west border with Mexico by more than 550 km (at present it consists of a 1,000-km discontinuous line of fences and barriers); and providing additional surveillance equipment, such as drones and radar systems. It would have created a pathway to citizenship for undocumented immigrants as well as revisions of the visa programme with more visas for the highly skilled and a new temporary visa programme for less-skilled workers (Washington Post 2013). However, the Republican-controlled House of Representatives refused to put the bill up for a vote, which might have led to the bill being passed. Therefore, the bipartisan Senate bill was blocked, and once again no comprehensive immigration reform was in sight.

With Republican majorities in both houses of Congress and the partisan divide being so strong, in November 2014 US President Obama addressed the overhaul of the immigration system in the form of executive orders (White House 2014). These orders do not need the consent of Congress, which critics say undermines the democratic process, but they are subject to judicial review. They include regulations for increased border security, for prioritising ‘felons, not families’ for deportations and for making it easier for students and highly skilled immigrants to stay in the US. The more contested executive orders make way for the expansion of Obama’s 2012 *Deferred Action for Childhood Arrivals* (DACA) provisions, which stipulate that certain young undocumented immigrants who came to the US as children before 2007 are not subject to immediate deportation and can get a temporary authorisation to work. Another executive order, the *Deferred Action to Parents of US Citizens and Lawful Permanent Residents* (DAPA), contains similar provisions for parents of children with US citizenship. While precise

figures are lacking, it is estimated that about 4–5 million of the 11 million undocumented immigrants could benefit from such provisions. However, Texas and 25 other states filed a lawsuit against both the expansion of DACA and the implementation of DAPA, and these orders have been held up in court since February 2015 (Parser 2015). This is the political backdrop against which all current discussions on migrants and refugees are taking place and all discussions in the foreseeable future will take place: a heavily politicised situation in which reform is deadlocked.

## Recent migration pressures in the US

In 2012 more than half of the unauthorised immigrants were from Mexico. However, patterns of immigration to the US have changed significantly over the past decade, with migration from Mexico now at a historic low. It was in the Fiscal Year (FY) 2014—a fiscal year runs from 1 October to 30 September—that for the first time the US Customs and Border Patrol apprehended more ‘Other than Mexican’ individuals than Mexicans. Irregular migration peaked in 2000 and has declined ever since. However, in 2014 there was an uptick in apprehensions at the borders, the parameter used to estimate the flow of irregulars coming into the country. While 421,000 people were apprehended in FY13, 487,000 were apprehended the next year, an increase of over 65,000 (US Customs and Border Protection 2014).

What had happened? While news in the summer of 2015 was dominated by reports about the refugee and migrant crisis in Europe, during the summer of 2014, news in the US was dominated by what Obama referred to as a humanitarian crisis: an unprecedented number of unaccompanied children, youths and family units crossing into the US mostly from Central America. Unaccompanied minors represent one of the most vulnerable groups as they are easy targets for trafficking and exploitation along the way. Once they are in the country of destination, they also require more attention and care than do other groups with special needs. This in turn translates into higher administrative costs. Almost 69,000 unaccompanied minors were apprehended by the US Border Patrol during FY14. This was a sharp increase over the 39,000 unaccompanied minors apprehended in FY13 and the 24,000 apprehended in FY12. As with the refugee and migration crisis in Europe, questions quickly arose as to not only the reasons for this sudden increase, but also what measures could be put in place to bring the numbers down. These discussions were especially sensitive and emotional as the group at hand were young children—some were just four years old.

## The unaccompanied minor crisis in the US and key policy responses

The number of unaccompanied minors migrating to the US is in no way comparable to the numbers of refugees and migrants coming to Europe. All the same, the unpreparedness of US authorities and the policy responses taken show similarities to the situation

on the other side of the Atlantic. The majority of the unaccompanied minors trying to cross into the US are coming from the Northern Triangle countries of El Salvador, Guatemala and Honduras. The US is a major destination country, but other countries closer to the Northern Triangle—Mexico, Panama, Nicaragua, Costa Rica and Belize—have also become destinations. In 2013 asylum requests in those countries from individuals from Northern Triangle countries rose by 712 % compared to 2008 (Restrepo and Garcia 2014).

Among the main reasons for leaving their home countries were and are growing gang violence, rising homicide rates (Honduras has the highest homicide rate in the world), violence related to drug trafficking, slow economic growth rates with no economic opportunities or job prospects, the desire to be reunited with family members in the US and the availability of more professionalised smuggling networks offering door-to-door services. It has also been pointed out that Obama's DACA provisions—which permitted certain undocumented youths already in the US to escape deportation and obtain legal work permits—led to rumours that all children and youths coming to the US would get a legal status. Moreover, smugglers promulgated this same misinformation. Finally, asylum hearing processes were quite long due to larger-than-usual backlogs in the system. Some suspect that this might have acted as a pull factor for those wanting to be in safety, even if only temporarily.

Three of the main actions that the Obama administration undertook to bring down the numbers resonate with provisions in Europe in the current refugee and migration crisis.

1. *Dissemination of information.* Targeted information campaigns were launched both in the countries of origin and among diaspora groups in the US. They described the dangers of the journey, especially for children; made it clear that the chances of being deported are high; and countered rumours that children would automatically obtain a legal status. Diaspora groups were also asked to act as multipliers in bringing these messages to friends and families in the home countries.
2. *Coordination with neighbouring countries and countries of origin in Central America.* The US supports Mexico in its attempts to strengthen and implement the Mexican Southern Border Plan, which was initiated in July 2014 to secure Mexico's southern frontier. The logic behind this continuing support is that if Mexico's southern border is more secure, so too will be the US border. The US provides financial support for increased border security infrastructure, for example, for checkpoints, road blocks and inspection technology. As a result, apprehensions and returns along Mexico's southern border have massively increased. The State Department's budget for FY16 allocates one billion dollars to help Mexico secure its border and to provide funding for social, governance and economic issues in Central America to address the root causes of migration (US Department of State 2015).
3. *Providing for the processing of claims outside the US.* In September 2014 the US started in-country processing procedures at its embassies in select Central American countries. Those procedures are intended to prevent children and youth from taking the perilous journey north since they can file for asylum right at home. In-country processing has been a US practice since the 1970s. It is a vital part of the

US refugee admissions system for select countries suffering from war and conflict, widespread political repression or other humanitarian tragedies. It has been put in place in Vietnam, Haiti, Iraq and still other countries. In one such programme from 1979 to 1999, the US processed applications from more than 523,000 Vietnamese. To carry out the extraterritorial processing of various nationalities, the US also uses its military bases. One example is the base in Guantanamo Bay, which processes asylum requests from Haitians, Cubans and other people from the Caribbean (Rabinovitch 2014). However, in the recent case of the Northern Triangle countries, in-country processing is restricted to those children and youth who have a parent residing legally in the US. Therefore, the impact is deemed to be rather limited.

All in all, these measures have worked to bring down the numbers, although the dire situations persist in the Northern Triangle countries. About 35,000 unaccompanied minors were apprehended in the US in FY15 (to the end of August), a decrease of 46 % on FY14, when the number was 66,000 (US Customs and Border Protection 2015). However, the government was still accused of being too soft on the enforcement side, even though under Obama the number of deportations has been higher than under any other president. While 2 million people were deported from the US in 2009–14, over 438,000 people were removed in 2013, with two-thirds of the deportations being from the border region.

At the other end of the spectrum, there are criticisms of the current procedures and asylum laws. One criticism is that gang-based violence and persecution should be made valid grounds for asylum claims (Jesuit Refugee Service 2015). Others criticise the ‘expedited removal’ process. This fast-track procedure returns individuals apprehended at the border within hours or days of when they are taken into custody. Critics of the policy claim that this is done without properly assessing the asylum claims of the individual. Border patrol officers are required to refer to a trained asylum officer all those they apprehend who voice a credible fear of going back—irrespective of the reason given. This officer then conducts a private interview to assess whether there is indeed a credible fear of harm if they are returned. Where this exists, the asylum seeker can apply for refugee protection before an immigration judge.

## Key takeaways for Europe from the US unaccompanied minors crisis

The policy measures the US government has taken to address the unaccompanied minors crisis are worth looking into as European policymakers struggle to find ways to address the current crisis. Europe, like the US, is caught between two obligations: to protect those who are in genuine need and to humanely deter and deport those who are not. The mixed migration flows on both sides of the Atlantic pose policy challenges as they require a mixture of policy responses. The first measure mentioned above in connection with the unaccompanied minor crisis, that of information campaigns, addresses



a factor in migration and migration management that is often underestimated. This is the role played by rumours, by misinformation that is intentionally promulgated and by mistaken ideas about immigration and asylum rules and regulations. It is of utmost importance to establish information centres and run campaigns outside of the EU that provide information on protection regimes, eligibility for asylum and legal pathways to enter the EU. These campaigns should also focus on the dangers of exploitation faced by migrants who seek to work irregularly in the black market. About 40 % of the migrants and refugees who arrived in Germany in the first seven months of 2015 were from countries of the Western Balkans. However, fewer than 1 % of applicants from these countries are actually granted asylum. Therefore, the German government increased their information campaigns in the Western Balkans to make it clear how small the chance is of receiving asylum protection. German embassies also had to start campaigns in other regions to counter popular rumours that Germany would send boats to the shores of Turkey or Libya to rescue migrants and refugees. It is impossible to pinpoint how effective any one measure has been in reducing migration numbers, but it is clear that providing information and countering rumours must be a vital part of any migration policy.

The second measure, coordination with neighbouring countries and countries of origin and transit, is one of the EU's key measures for migration control. Like the US, the EU is debating whether to increase border controls on its own borders. However, border security at EU borders is constantly facing criticism as not being very effective since migrants are still managing to get into the EU in large numbers. The deterrence effect is said to be low. Fences and border controls are rerouting migration flows rather than stopping them, and are contributing to a flourishing smuggling business. In the past, member states at the front lines, such as Spain and Italy, resorted instead to externalising border security to third countries outside the EU. To this end, they entered into bilateral agreements with countries such as Mauritania and Senegal, in the case of Spain, or Libya, in the case of Italy. The agreements stipulated that these third countries would monitor their own borders and stop migrants, regardless of their country of origin, from departing for European shores. They would also take migrants back once apprehended in open waters. In exchange these countries received financial aid.

In the case of Spain, the bilateral agreements are still in place. This explains why the route from the shores of West Africa via the Canary Islands, which used to be of central importance, has become less used and less talked about. It is a hard truth that these agreements, and especially the one between Italy and Libya during Gaddafi's dictatorship, kept migration flows at bay. But the agreements came—and still come—at the high price of detention, the neglect of the right to asylum and the physical abuse of migrants and refugees. After the collapse of the Libyan state, previous control mechanisms vanished: Libya has become a main departure point again. It is because of this same logic of externalising European border controls that negotiations with Turkey have increased. Ankara will play a crucial role in any solution to the current refugee and migration crisis in Europe. It is hoped that Turkey, as one of the main countries of transit, will be able to assist by controlling migration at its borders. In return, European states should provide major support for the refugees residing in Turkey—or 'guests' as they are called there.

Turkey has also brought other topics to the negotiation table, such as liberalising EU visa regulations for Turkish citizens.

Lastly, the tradition of extraterritorial or in-country processing that the US has expanded to select Central American countries for at-risk youth has numerous points of contact with a discussion that has been floating around Europe for many years but with no conclusive result. In the early 2000s, the idea of establishing processing centres outside of the EU was raised. Certain countries, including Italy, proposed establishing such centres in North Africa—an option that found support among certain German politicians. Proponents of such centres argue, first, that implementing this policy would lift the pressure from the EU border states. They also believe it would help to save lives as people would not have to take life-threatening journeys to file for asylum, especially if there were an in-country system implemented using embassies or EU missions.

It is not clear just how such systems and centres would work and which countries would be interested in cooperating with the EU on such a policy. Moreover, to date the EU has not carried out a feasibility study (Rabinovitch 2014). However, the idea has resurfaced in response to the high numbers of migrants and refugees coming to Europe—more than 700,000 came in the first 8 months of 2015, compared to 600,000 for 2014 as whole. There are both ethical and practical concerns. On the ethical side, human rights groups have argued that legal standards and human rights conventions would not be guaranteed if asylum procedures were ‘outsourced’. These concerns could be met, at least with respect to the legal standards, by putting the United Nations High Commissioner for Refugees in charge of such centres. On the practical side, two major roadblocks exist. One is how to prevent such centres from becoming the focal point for smugglers, who would have potential clients conveniently in one spot. The other practical roadblock is the lack of a quota system. Such a system is needed to determine which EU countries should take on those who are successful in applying for asylum in processing centres outside of the EU. But the acceptance in September of the quota system on the EU level—which will see 120,000 individuals who have sought asylum in Italy and Greece relocated to less burdened EU member states—might serve as a blueprint for a quota system for extraterritorial processing. Of course, questions remain: what happens to those whose asylum claims are denied, and what would stop them from heading to the EU nonetheless? These issues would be even more pressing if the centres were closer to the EU borders, for example, in Turkey or Serbia. The question of extraterritorial processing remains challenging, but it could present a way of making the process safer. And at this point in the crisis, all options need to be considered carefully.

## Outlook for common action between the US and Europe

One cannot fully compare a single country’s—the US’s—history and experience of migration with the histories and experience of the 28 member states of the EU. But

as the unaccompanied minor crisis has shown, there are similarities in the challenges faced on both sides of the Atlantic, and this warrants a transatlantic exchange. The overarching question is how to balance humanitarian protection and border security. But further issues must be considered. What is the role of communication campaigns in migration control? How should states coordinate with third countries in the management of migration and asylum? What is the best way to process asylum requests outside the country and via embassies?

The humanitarian crisis also calls for common action between the US and Europe, as the crisis is not just a European one. Both Europe and the US have to lead a concerted political effort to stabilise the situation in Syria as long as a viable political option is not in sight. Together the US and Europe also have to make sure that the neighbouring countries remain relatively stable since they are bearing the brunt of the situation and are housing the main share of Syrian refugees. The US has long experience with resettlement processes, having resettled more than three million refugees since 1975. While resettlement should always be a last resort, the time has passed when nations could look away and refuse to take in more Syrian refugees than they already had. Lastly, the situation in Syria shows that international action or inaction in conflicts always results in migrations, and that it is high time for countries to consider mobility and migration more concretely within their foreign policy fields.

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## ARTICLE

# Mobilising the masses: a grass-roots communication strategy for TTIP

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Michael Schneider

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**Abstract** The US and the EU have set an ambitious goal of completing the negotiations on the Transatlantic Trade and Investment Partnership by the end of 2015. Because this is not a conventional trade and investment agreement, stakeholders have demanded a more open and transparent debate. This article will consider the advantages of a communication strategy which is rooted in local European communities and the role that local and regional authorities can play in bringing the message to Europe's regions and cities.

**Keywords** Transatlantic Trade and Investment Partnership | Grass-roots communication strategy | Democracy | Local authorities

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## Introduction

The US and the EU began negotiations on the Transatlantic Trade and Investment Partnership (TTIP) in July 2013. The resulting deal will affect almost 40 % of world GDP and have a significant impact on market access for goods, services and investments (European Commission 2015). It will therefore create benefits for citizens and businesses—including SMEs, which are the backbone of economic activity in many European regions.

It is estimated that TTIP will save companies millions of euros and create hundreds of thousands of new jobs on both sides of the Atlantic. According to official estimates from the European Commission (2013), the average European household could save €545 per year and European GDP may increase by nearly 0.5 %. These are welcome forecasts as many Europeans have yet to see the effects of economic recovery following the financial crisis.

Given the extent of the deal and its impact on citizens, democratic control of the negotiations must be guaranteed at all times. The TTIP negotiations have been met with severe criticism as lacking transparency. Moreover, anti-TTIP campaigners claim the deal will lead to a lowering of environmental, food safety and other standards. The speed and power of the Internet and social media mean that these fears, misconceptions and myths have been spread amongst citizens.

Whilst both the EU and the US have underlined the need for confidentiality, efforts have also been made to improve transparency by including relevant stakeholders in discussions, dialogues and open meetings. More specifically, the European Committee of the Regions (CoR), the EU's Assembly of Regional and Local Representatives, welcomed the decision by the Council of the EU on 9 October 2014 to publish the negotiating directives for talks on TTIP (European Committee of the Regions 2015b; Council of the European Union 2014a). This decision has been hailed as a step in the direction of greater transparency. However, the CoR also noted its regret that this took place several months after the text had already been leaked online.

It is also widely accepted that member states and the European Commission should step up their efforts to communicate the benefits of TTIP and that the need for transparency and dialogue with civil society should be embraced (European Council 2015). Whilst the Information Working Party's proposal on how the EU's communication strategy on TTIP could be enhanced is still eagerly awaited, the CoR believes this strategy should go one step further and incorporate the EU's local and regional authorities. Unless this happens, it will be difficult for citizens to see—and to have confidence—that the EU is working towards economic growth and job creation across Europe whilst maintaining a high level of protection for the environment, health, safety, consumers and data privacy.

With this in view, the EPP Group in the CoR would like to propose a communication strategy that is focused on stories of real-life experiences from local communities,

stories that address the concerns of citizens and show how TTIP will offer significant benefits. This strategy needs to be both transparent and balanced to counterbalance the unsubstantiated negative view which is prevalent in the media in many EU member states.

## Biased media pose a problem

There is a great deal of information in the public domain. The media are also following developments closely. For the most part, however, media coverage has tended to be negative. There is also a new player in the game: the social media activists who are energised by civil society and grass-roots-style communication. Moreover, their communication style is much more social in the sense that it both encourages people to share and exchange ideas and information, and promotes two-way debate.

During the TTIP negotiations, there have been attempts to improve transparency and ‘educate’ the public by providing even more information and putting the negotiating documents in the public domain. Despite this, it would appear that in several member states the emotion-charged narratives of these growing large-scale, bottom-up movements, combined with a biased media, are giving rise to a growing public misperception of and general scepticism towards TTIP.

In 2014 the European Commission stated that it would invest in a communication strategy which aims to ‘explain the basics of the negotiations and to address criticism’ (Council of the European Union 2014b). Despite this promise, this communication strategy does not seem to be forthcoming. The CoR would therefore like to see both the EU and the US make a greater effort to provide information in order to counter rumours and false information that aim to discredit TTIP by distorting the facts. This will require much more than simply ensuring that the information is available online, especially given that the well-documented myths will live on in people’s minds long after they have been disproved.

Moreover, in today’s online debate about TTIP, populist left-wing and anti-globalisation groups express minority views—but views that get traction. ‘Pro-market activists are hardly, if at all, visible’, writes Matthias Bauer (2015), a senior economist at the European Centre for International Political Economy, a think tank dedicated to trade and economic policy. He argues that people are often hesitant to share their personal views with friends, family or colleagues if they think their ideas differ from the more socially accepted opinion. This becomes particularly relevant in a time when social media plays an important part in communication. This ‘spiral of silence’ could therefore mean that more citizens decide not to question the myths. Bauer (2015) continues: ‘it is time for the advocates of TTIP . . . to make their voice heard beyond conferences and official hearings in order to prevent the spiral of silence to put an end to a promising trade agreement.’

## TTIP is a local issue

It is under these conditions that the political representatives closest to European citizens—the local and regional politicians—can play an important role. It is they who are well placed to highlight hard data on the scope of TTIP and on the impact of the agreement on people's everyday lives. As already witnessed in some countries, citizens are putting pressure on their elected representatives to speak out and insist on more information. Much of Europe is still recovering from the financial and economic crisis, and thus economic concerns are high. People want to hear stories that they can relate to. Hence, we must respond by basing our communication activities on concrete experiences and by communicating in a way that encourages citizens to join the debate.

TTIP will have an impact on a number of areas where local and regional authorities have competences: for example, in policies related to health, safety and the environment. Public procurement and the regulation of public services may also be affected by the treaty. From the perspective of local and regional authorities, it is essential that the final deal strikes the right balance between free trade benefits and preserving the ability of these authorities to protect the general interests of their citizens. Within this context, local and regional authorities must also retain the right to set public policies and standards for all fields falling within their remit.

It must also be understood that the expected benefits from TTIP are perceived very differently in the different regions and cities of Europe. This was underlined by Commissioner for Trade Cecilia Malmström during a debate with the CoR: 'What you say here in Brussels is based on a deep understanding of people in your region. And when you speak about European policy at home you can connect our work to their lives like no other part of the EU system. That's why your role in the public discussion about this negotiation is so important' (European Committee of the Regions [2015a](#)).

As mentioned earlier, some steps have been taken to increase transparency and to involve local and regional authorities in the TTIP negotiations. For example, the chair of the CoR's Economic and Monetary Commission and the CoR rapporteur on TTIP have been granted access to the classified documents in the European Commission's TTIP reading room. However, they are not allowed to make copies of the documents there, and any handwritten notes must be made on watermarked paper. It is therefore not clear how this information can be used to improve communication on the ground.

## Communication strategy

It is essential that elected local and regional authorities, represented in the EU through the CoR, should be a mouthpiece for the people. Not only are they ideally placed to deliver information, but they can also encourage two-way communication and bring the concerns of citizens to the negotiating table in Brussels. In an opinion adopted by the CoR in December 2014, local and regional authorities argue that reconnecting Europe



with its citizens requires more and better communication at local level (European Committee of the Regions 2014). Furthermore, it states, ‘The emergence of dialogue with and between citizens will allow two-way communication and feedback from grassroots level’ (European Committee of the Regions 2014, 4). It goes without saying that local and regional authorities alone will not be able to close the information gap. However, together with the experts appointed in each European Commission representation office, it may be possible to communicate more effectively on TTIP and to organise tailor-made communication activities in Europe’s regions and cities.

Furthermore, coordinated action by the EU institutions, the member states and regional and local authorities is the best means of strengthening the relationship between governments and their citizens, who are increasingly demanding a greater role in policymaking. In a digital world, citizens are surrounded by people representing a wide range of views. The EU has a responsibility to provide citizens with balanced materials that can guide discussions and allow citizens to form their own opinions. Let us not forget that grass-roots movements and street-level politics can encourage powerful democratic change. This happened, for example, during US President Barack Obama’s 2008 presidential campaign and in the 2015 local elections in Spain.

The US has also recognised the need to go local when communicating about the importance of trade and TTIP, and the impact the agreement will have on communities. This was stressed in Ambassador Michael Froman’s remarks to the National Association of Counties:

For most Americans, you’re the first face of government. . . . Trade policy might not be at the top of your agenda every day. You’ve got roads to fix and schools to manage. But done right, trade policy is a necessary component of any community’s successful economic strategy. . . . [W]e look forward to working with all of you to underscore the importance of trade—done right—to your communities. (Froman 2015)

## Conclusion

Local communities will benefit from TTIP, but they also have concerns. They should be informed properly so that this information can be passed on to wider communities. The current impasse has its roots in the early days of the TTIP negotiations. Today the EU needs to commit to a communication strategy which focuses on being utterly transparent and sending forth a message citizens can relate to—which means a message based on stories and real-life experiences. Regardless of the effort currently being made by the European Commission and the White House, the debate will remain limited and distant to citizens unless local and regional authorities are involved. In today’s Internet society, nobody can argue that there is insufficient information on TTIP and the negotiations online. However, to enable citizens to take their own positions, local authorities, companies, civil society and advocacy groups all have to play their role.

This call from the CoR comes at the right time given that *The Economist/YouGov Polls* (2015) suggest that nearly half of the citizens have not yet made up their minds about TTIP.

The CoR issued its opinion in February 2015, at a relatively early stage in the proceedings (European Committee of the Regions 2015b). Almost a year later, there is still a lack of comprehensive data on the specific impact the TTIP provisions will have on each of Europe's regions, municipalities and cities. As statistical projections and economic forecasts become available, it will be easier to understand what this impact will be and how it can best be communicated in a more targeted way to citizens.

At this critical stage there is a significant concern that it will not be possible to change the nature of the debate and get European citizens on board. Moreover, the anti-TTIP campaigners have transformed the way TTIP is being negotiated, and perhaps this holds for future trade deals as well. But what is already clear is that a communication strategy should be drawn up with the intention of focusing more on jobs and trade and that this strategy should have citizens and local businesses at its heart.

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## ARTICLE

# Beyond economics: the geopolitical importance of the Transatlantic Trade and Investment Partnership

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Pavlina Pavlova

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**Abstract** With the Transatlantic Trade and Investment Partnership, Europe has a decisive opportunity to define the direction of future global trade. However, concluding the biggest agreement of its kind seems to be trying the internal unity of the Union. A wave of protests has swept across Europe as many fear the hidden costs behind regulatory cooperation with our neighbours across the Atlantic. Getting sceptics on board will require more than economic reasoning. The hidden value of the free trade agreement is its geopolitical importance and the historic opportunity it offers for the West. Sealing the deal with the US would strengthen Euro-Atlantic cooperation, counter the influence of China, diminish European dependency on Russia's energy imports and promote the Western economic model. Should the negotiations fail, mutual blame and internal frustration will isolate the EU.

**Keywords** Transatlantic Trade and Investment Partnership | Trans-Pacific Partnership | Geopolitics | Trade | EU | US | Transatlantic cooperation

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## Introduction

The Transatlantic Trade and Investment Partnership, better known as TTIP, is a trade deal between the world's two biggest economies—the EU and the US. By lowering non-tariff barriers and setting common rules, it promises to bring a post-crisis boost to Europe and refresh the old alliance. But this Euro-Atlantic partnership also has its detractors. The critics are few but they have been making their voices clearly heard ever since the European Commission received the mandate for negotiations in July 2013. Despite the Commission's hard work to bust the myths surrounding the agreement, it seems to be easier for people to unite in opposition to it. This year dozens of protests have taken place across Europe and anti-TTIP campaigns have mushroomed on social media. In addition, Julian Assange's Wikileaks has publicly claimed that the deal lacks transparency. The news leaks organisation has launched a campaign to crowd-source a €100,000 reward for 'Europe's most wanted secret'—the prize will go to anyone who can secure information on TTIP (*Wikileaks* 2015). The reasons for such criticism of the deal are eclectic—from a general anti-US attitude, to claims that the deal will empower multinational corporations and fears of losing control over the high standards of food on the European market. Scaremongering and misinformation are unavoidable obstacles when discussing far-reaching supranational agreements—and the bigger the agreement, the greater the fear. With the US and the EU accounting for almost 45 % of global trade and 60 % of global investment flows (Berger 2014), TTIP would become the biggest trade deal of its kind.

There are three broad areas being negotiated under the EU–US trade deal: market access for businesses, regulatory cooperation and international rules to address global challenges. The two economic super-blocs have one of the most integrated markets in the world and tariffs between them are already very low at less than 3 % (European Commission 2015a). The crucial part of the agreement is therefore its second pillar, which aims to reduce non-tariff barriers and standardise regulations. Coherence in standards on both shores of the Atlantic would increase efficiency, cut bureaucratic costs and have major economic benefits. It would also become a powerful tool to ensure that such standards are advanced globally, thus helping to promote the spillover of Western-style trade rules. But neither 'regulatory cooperation' nor 'liberalising trade' seem to be popular enough topics to take the lead in public discussions. There is a shortage of empirical data available to help European Trade Commissioner Cecilia Malmström get the detractors of TTIP on her side. Its critics say there is a lot to lose and little to gain (*The Economist* 2015). Instead of an economic narrative, those advocating a comprehensive deal should focus on storytelling that makes it easier to understand what is at stake and gives the potential geopolitical impact of the agreement a prominent role.

## Trade deals and strategic gridlocks

Trade deals have never been more political than today. Regional deals have gained prominence as a result of the endless stagnation of the WTO's Doha Round, which

seems to have launched a new era in trade deals around the globe. But while TTIP is regional in its initial scale, the hope is there that it would subsequently lead in some way to the relaunch of multilateralism. As we have witnessed, agreements are difficult to reach because of the greatly differing standards between the West and other major actors, whether China, Russia or India. Thus achieving a far-reaching deal between the Western economic powers, which includes an accord on high social and environmental standards, would act as an incentive for others to reach such a level.

The current driver of trade agreements is the US, which is working on several historic deals, of which the most colossal are TTIP, the Trans-Pacific Partnership (TPP) and the Trade in Services Agreement (TiSA). Due to its similar size—comprising roughly 40 % of the global economy, TTIP is often compared with the TPP. The TPP is the economic element of US President Obama's strategic 'pivot to Asia' that came about in response to the growing economic power of China and the corresponding expansion of its foreign policy. The trade deal has been negotiated between the US and 11 countries around the Pacific Rim, including Japan, Australia, Canada, Mexico and Malaysia. Together with the conclusion of TTIP, it will establish the two largest free trade blocs in the world (Wildau 2015b; Freytag et al. 2014; Schuette 2014). According to the US Secretary of Commerce Penny Pritzker (2014), the TPP and TTIP will together cover more than 60 % of global GDP. The TPP, which was concluded after more than five years of negotiations, is to be the biggest trade agreement since the creation of the WTO in 1994 (Wildau 2015b). The reaching of an agreement on the TPP also puts new pressure on European negotiators to conclude TTIP under the Obama administration, as some of the front-runners for presidential candidacy are more hesitant about the deal.

However, the EU is also progressing with regional and bilateral trade pacts. The Comprehensive Economic and Trade Agreement with Canada was finalised recently and it is perceived by many as the precursor to TTIP (Korteweg 2015). In addition, Commissioner Malmström announced the new EU trade strategy, 'Trade for All', in October 2015, which is intended to focus on further economic collaboration with Asian and Pacific nations. The practicalities are still foggy, but the Commission will ask for a mandate to negotiate free trade agreements with Australia and New Zealand. Part of the new strategy is to update already existing agreements with Turkey, Mexico and Chile (European Commission 2015b). Even though the details remain blurry, diversifying and strengthening existing trade deals looks likely to be the general direction for future development under this strategy.

## The winners of transatlantic cooperation

A trade agreement between the world's most important strategic partners is a logical step forward as the US is a natural partner for Europe. Despite attempts to shift attention towards Asia, the US remains highly engaged in the Old Continent. Since 2000, US investment in the Netherlands has been more than 12 times higher than total US investment in China. At the same time, the US has invested more in Italy than in India and the US's investment stake in Ireland is 40 % bigger than the total amount of US capital

invested in all of South America (Hamilton and Quinlan 2015). Liberalising trade and finding a common ground in mutually recognised standards would massively strengthen this development and secure the future of Euro-Atlantic cooperation. Should the TTIP be concluded, it would bring a breath of fresh air to the old alliance. On the external level, TTIP has considerable potential to send a strong message to expansionist global actors that could become more aggressive if the transatlantic partners were to pull back.

The even greater strategic advantage is the historic opportunity to take part in setting global trade rules for others. Finding ways to establish multilateral cooperation with the rising powers has not been easy for Western-based institutions. The failure of the Doha Round and the founding of the Asian Infrastructure Investment Bank and the BRICS Bank by Brazil, Russia, India, China and South Africa as alternatives to the World Bank prove that the West has been losing ground (Wildau 2015a). A high level of regulatory convergence between the two largest consumer markets would set the standard for global trade practices and put pressure on others to follow suit. As a result, it would provide effective leverage for future negotiations. US Trade Representative Ambassador Michael Froman (2014) put it straightforwardly: 'By leading on trade, we can promote a global order that reflects both our interests and our values.' The size of the tariff-free zone created by TTIP would make it attractive for other countries to meet EU–US standards as a way to gain access to their markets.

President Obama has got it right: 'We can't let countries like China write the rules of the global economy. We should write those rules' (Wildau 2015b). For several years now the rising economic superpower has been trying to establish alternatives to counter Western dominance in the international financial institutions (Korteweg 2015). While China has enjoyed the benefits of the world's open economies, the country has avoided opening its own markets. China will only reassess its policies as the result of external pressure. The country has formally asked to join the negotiations on TiSA, which is currently being discussed by 24 WTO members. This effort, even though officially endorsed by the EU, is unlikely to succeed due to the political resistance coming from some of the TiSA negotiation's participants (European Commission 2014). Instead, the Chinese authorities have been advised that the country should 'play by the rules and demonstrate willingness to have a strong agreement' if it wants to join the negotiations (Vieuwes.eu 2015).

Apart from curbing China's geostrategic intentions, TTIP also has implications for the Russian dominance of the energy market. After the pressure placed by Russia on former Ukrainian President Viktor Yanukovich to prevent the signing of the EU Association Agreement in Vilnius, the conflict of interests between the EU and Russia was followed by Russian military intervention in post-Euromaidan Ukraine. TTIP brings no such risks as it does not directly concern Russia's backyard, but the possibility of crude oil and natural gas exports from the US, which is undergoing an energy revolution, will move Europe away from dependence on Russian hydrocarbons. For a country which relies on exploiting the 'energy rhetoric' to achieve its political ends, the new-found independence of its major gas importer will disarm the Kremlin at its core.

Ideally the trade deals currently being negotiated over the Atlantic and Pacific Oceans would signal a new era of global trade liberalisation based on high standards for food, services, consumer protection and ecology. And the more the actors show a willingness to be involved, the better the chances that high Western standards will become the global norm. Whether this becomes reality, or whether the competition for markets and strategic preferential trade deals between chosen regions prevails, through TTIP Europe will be able to safeguard its position among the global leaders and avoid isolation.

## Conclusion

The initial goal of the Juncker Commission was to conclude talks on TTIP under the Obama administration. The sooner the deal is sealed, the sooner citizens can benefit from it. However, in his State of the Union speech, President Obama made it clear that quality cannot be compromised. German Chancellor Angela Merkel has stated that at least the political and 'most essential' parts of the agreement will need to be finalised by the end of 2015 (Kroet 2015). For strategic reasons, the most debated points should be agreed before the US presidential elections begin. Much of the progress in the negotiations has been made thanks to Obama's strong advocacy of the agreement. The hype surrounding the presidential elections scheduled for November 2016 will consume the attention needed for advancing it further. On a positive note, the US president will be able to fast-track trade promotion as the US Senate has recently approved a six-year renewal of this authority. This will make the procedure easier. The bill, voted for in June, enables the use of an expedited process to submit trade pacts to Congress.

On the European side, the final document must be approved by all the EU member states' governments and by a majority in the European Parliament. While the legislative body has proven able to work towards compromises, national governments that derive their power from the opinions of local electorates may be less open to conciliation. However, indecisiveness and a lack of unity would have deep transatlantic consequences. Mutual blame would bring a severe transatlantic split and accelerate dependence on other markets. In this scenario, Europe would lag behind the US in strategic regions such as Asia or South America. If the two major Western democratic blocs cannot successfully conclude TTIP, it will send a strong signal to the rest of the world, and both China and Russia would celebrate the cleavage in EU–US cooperation. Regarding the consequences a failure would have within the EU, the case of the UK is particularly sensitive. Conservative Party politicians have sympathy for the Union only to the extent that it has the ability to bring economic advantages for the country. The timing of the UK's referendum on EU membership could easily coincide with the final TTIP negotiations, and any disappointments in the economic arena could be reflected in the British public's attitude.

Sceptics need to keep in mind that TTIP is more than a trade deal. It is an opportunity to boost EU–US relations and bring the Western economic model to ever greater prominence. Removing trade barriers between the two largest economies will not just provide



a post-crisis boost; it will also offer a historic opportunity for Europe to participate in setting new global standards. An ambitious TTIP will secure a prominent place for Europe in the harshly competitive global economy and strengthen the transatlantic partnership. Hesitation will result in Europe playing a secondary role. In a fast-changing environment the step-by-step approach is obsolete. When discussing the free trade agreement in the plenary session of the European Parliament, Chairman of the European People's Party, Manfred Weber openly stated, 'Today is the time for political leadership . . . There is a trans-Pacific trade agreement that is being decided upon, which is going to corner a huge percentage of world trade. The world is not going to wait for us to sort out our internal debates. We have to be committed and act' (Weber 2015). The sooner the deal is sealed, the sooner Europe can benefit from it. With a historic opportunity on Europe's doorstep, now is the crucial time for the Union to show committed leadership and take the path of progress together.

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## ARTICLE

# TTIP, investor–state dispute settlement and the rule of law

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Peter H. Chase

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**Abstract** Many European citizens are concerned about the concept of investor–state dispute settlement, which is frequently portrayed as giving companies the right to sue governments for lost profits in secret international courts. Those who favour US–EU collaboration, including through the ambitious Transatlantic Trade and Investment Partnership agreement, can assuage these concerns by explaining how investment treaties strengthen international law. Governments created investor–state dispute settlement for their own purposes, anchoring it deeply in the UN system through numerous multilateral conventions—the most recent of which was adopted by the UN General Assembly in December 2014. By straying from this UN-based approach in its own response to public concerns, the European Commission might unfortunately weaken investor protection and the enforcement of international law. Its proposals on such issues as the right to regulate and the ‘investment court system’ should be reviewed in light of their impact on 50 years of international law.

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The views expressed in this paper are strictly those of the author and do not necessarily reflect those of the German Marshall Fund or the US Chamber of Commerce.

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## Introduction

In June 2013, Presidents Obama, Barroso and Van Rompuy launched negotiations on a Transatlantic Trade and Investment Partnership (TTIP), an agreement meant to create growth and jobs in both the US and Europe by stimulating trade and investment flows between them (The White House 2013). The agreement was also widely heralded as having geostrategic implications, bringing the two largest supporters of democracy and the rule of law closer together.

Instead, several years on, TTIP seems to be pushing them apart. One of the main reasons for this is the public outcry in Europe against investor–state dispute settlement, or ISDS. Indeed, the criticism of ISDS is so heated that many, sick of the topic, will not read beyond the title of this piece—few in Europe want to hear about ISDS again if they can help it. But ignoring the issue does not help. The opposition to ISDS, in TTIP and beyond, has weakened and indeed possibly insidiously undermined support in Europe for the rule of law.

In fact, the reaction in Europe against ISDS has been so strong that in January 2014 the Commission suspended negotiations on the investment pillar of TTIP (European Commission 2014a) and launched a public consultation about it—a consultation in which over 98 % of the 150,000 or so respondents condemned ISDS, and opposed its inclusion in TTIP (European Commission 2015b). In July 2015, the European Parliament responded to this by adopting a resolution on TTIP that, among other things, called for a wholesale reform of ISDS (European Parliament 2015). ‘ISDS as we know it is dead,’ the President of the Socialists and Democrats Group in the European Parliament, Gianni Pittella, proclaimed (*Euractiv* 2015). Then, in September 2015, the European Commission proposed a new ‘court system’ for investment disputes under TTIP that it argued would spell the end of ISDS (European Commission 2015a).

In so doing, the Commission has unwittingly reinforced unfounded concerns about ISDS, at the same time causing many to ask whether the fuss is about ISDS, TTIP, the US or, more fundamentally, the rule of law in international relations. This, more than the strife about TTIP, is where the debate in Europe over ISDS threatens to increase the divide between the US and the EU. If the EU walks away from ISDS, an important component of the rule of law, the US will not follow.

Those who see the benefits of bringing the US and the EU closer together, who share the vision of the world’s two largest economies working together to strengthen the rule of law, need to better understand what ISDS is, so that they can respond to the concerns people have about it. That is the purpose of this piece: to bring this conversation back to where it belongs—the importance of the rule of law, a principle that citizens on both sides of the Atlantic support.

## First principles

One of the major problems with the debate in Europe about ISDS is that it is described, even by such respected business-oriented publications as the *Financial Times*, as the right of a foreign investor to sue a government for lost profits. If that definition was accurate, everyone would be right to be concerned. Governments can and do take measures that affect corporate profitability as they work to protect consumers, workers and the environment. A system where such measures apply to everyone except foreign investors would be untenable and a fundamental violation of the rule of law.

However, the presumption that investment protection and ISDS are about 'lost profits' is simply wrong. Common sense alone demonstrates this. Investment treaties and ISDS were created by governments, for governments. And no government would ever create an instrument that so decidedly circumscribed its ability to adopt laws and regulations in the public interest.

## The basis: investment treaties

The problem is that the definition that concerns 'lost profits' obscures the fact that ISDS is a creation of governments, not corporations. For centuries, as part of their efforts to promote peaceful relations between nations, governments have concluded treaties, instruments of international law that are meant to resolve problems that might lead, in the worst case, to war. Many of these treaties promote economic relations between nations, as closer commercial ties are widely seen as the foundations for peace and prosperity (Indeed, this is the essence of the EU itself, enshrined in treaties from Rome to Lisbon).

Trade and investment are the two channels for international commerce. However, they are fundamentally different. In the first case, numerous parties sell goods and services across borders; in the second, individual investors place their own capital at risk within another country. The rules governing the two channels differ accordingly. Trade is more easily addressed through multilateral treaties (such as the WTO), in which governments act on behalf of the many traders who can be affected if another government restricts imports.

Investment, however, raises a different set of issues. A foreign investment, by definition, is subject to *all* the laws of the country in which it is made—laws governing business activity, labour, the environment, banking and financial requirements, zoning restrictions and so on. Any violation of these laws subjects the foreign investment to the full force of government enforcement, including criminal proceedings and jail for corporate officers and actors.

This starting point is important. As the governments negotiating investment treaties know investments by their citizens are subject to the laws of the other land, the treaties

they create strive only to ensure that *in that context* their investors are treated fairly. Thus, in virtually all investment treaties, the participating governments make four central pledges to each other, namely that

- in adopting and enforcing domestic laws, they will not discriminate against investors of the other party because of their foreign nationality, that is, they will treat them as well as they treat their own investors, or those of any other country (the principles of national and most-favoured-nation treatment);
- where they take exceptions to this pledge of national/most-favoured-nation treatment, they will provide *at least* the *minimum* standard of treatment required by centuries of international law ('fair and equitable' treatment and 'full protection and security' by public authorities such as the fire and police services);
- they will expropriate the investment (a power all governments have) *only* for a public purpose, with due process, on a non-discriminatory basis and in exchange for prompt, adequate and effective compensation; and
- they will allow transfers of funds between the investor and the investment in their territory.

These four simple promises—all of which give foreign investors protection under international law in the other territory—form the basis of the vast majority of investment treaties concluded since 1945, including the 1,500 or so concluded by EU member states and the 46 concluded by the US.<sup>1</sup>

For countries like the US and the EU member states, these promises are fully in line with their own domestic legal traditions. This is the main reason why the US and European governments believe that the investment treaties they enter into give no *greater* rights to foreign investors than those enjoyed by domestic investors. It is also why those governments do not expect to violate those obligations—after all, in many cases doing so could be unconstitutional.

But even when governments entering into these agreements do not expect to violate these obligations, it is important to enshrine them in the agreements between countries because this

- codifies how governments expect other countries to treat their investors,
- offers certainty to investors who put capital into a jurisdiction they may not know well, and

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<sup>1</sup> Some countries, notably in Europe, also include 'umbrella' clauses that incorporate all agreements between a government and investors into the treaty, and 'legitimate expectations' into the notion of fair and equitable treatment. These protections, however, differ among treaties; the US, for instance, limits the umbrella clause to major contracts and licences.

- recognises that sometimes governments do make mistakes and adopt laws that might discriminate against or otherwise harm a foreign investor<sup>2</sup> in ways that do not similarly affect their nationals.

## Enforcement: the need for ISDS

Treaty promises, to be meaningful, must also be enforced. The vast majority of treaties concluded before 1965 anticipated that the two countries signing the treaties would resolve any disputes occurring under them. In the early 1960s, however, governments began to realise that relying on state-to-state dispute settlement to enforce the treaties could embroil them in disputes affecting individual investors, raising these disputes to diplomatic incidents between governments. If the investor's government took up the case, it could raise tensions with the other party, undermining the purpose of the treaty; if it did not, not enforcing the obligations would undermine the treaty itself.

As a result, governments began to consider giving investors that might be directly affected by a violation of the treaty a 'private right of action' to enforce it through a neutral panel using agreed upon rules—that is, ISDS. The ISDS approach gained broad multilateral recognition with the 1966 Convention on the Settlement of Investment Disputes between States and Nationals of Other States,<sup>3</sup> a multilateral treaty that established the International Center for the Settlement of Investment Disputes (ICSID) as part of the World Bank Group (and thus part of the UN system) (ICSID 1970). ICSID has developed a full set of rules and procedures for resolving these disputes, calls upon hundreds of respected adjudicators nominated by the 151 governments that are party to the Convention (many of them former or sitting high court justices<sup>4</sup>) to hear the disputes, and dedicates a team of experts to each case. Governments concluding investment treaties can also call for the UN Commission on International Trade Law (UNCITRAL) arbitration rules (updated in 2013) to be used by ICSID at the Permanent Court of Arbitration in The Hague or in numerous other respected venues such as the Stockholm Chamber of Commerce.

The broader point here is that it was the *governments* that, over 50 years ago, chose, for their own reasons, to develop a UN-based approach to ensure investment treaties are enforced and to help investors from one state resolve differences with another. They chose binding arbitration as the form of dispute resolution precisely because, by definition, governments are always the 'defendants' in these cases (since the complaint is over an alleged violation of a treaty), and arbitration is a more conciliatory approach than a suit before a court.

<sup>2</sup> The 2008 European Commission proposal of the Third Energy Package, for instance, included the 'Gazprom clause', which, as drafted, ironically would not have affected Russian investors but would have harmed Americans. It was changed during the legislative process to allow discrimination based on assessments of energy security.

<sup>3</sup> All EU member states except Poland are parties to the Convention, and many were original signatories of it.

<sup>4</sup> The curricula vitae of most ICSID panellists are available in ICSID (2015).



Naturally, the governments have set boundaries for ICSID and other means of dispute resolution. Most importantly, panels can *only* award monetary damages to the investor; they *cannot* order the underlying law or measure to be changed. Given that governments write the treaties containing the obligations on the treatment of investments, and that they created the UN-based system of arbitration to enforce those obligations, it is not surprising that of the 405 known ISDS cases concluded in 2014, governments won most of them, with all claims dismissed; in only 27 % of the cases was the respondent government found to be at fault (UN Conference on Trade and Development 2015). Even in those cases, however, compensation was generally a tenth of the amount initially requested by the investor (Franck 2015; Miller and Hicks 2015).

## Addressing legitimate concerns

This background is essential to explaining to citizens why some of the concerns they have after hearing that 'ISDS allows big companies to sue governments for lost profits' are unfounded.

### The right to regulate

Chief among the concerns is whether ISDS restricts the right of governments to regulate in the public interest. The answer is no, and yes. Investment treaties and the concept of national treatment *assume* that governments can and will adopt laws and regulations affecting all businesses in their country. Of course they have the right to regulate.<sup>5</sup> An investment treaty *does* oblige them, however, to regulate in a way that does not discriminate based on nationality, to provide the minimum standard of treatment required by international law, to compensate in the event of an expropriation, and to allow transfers of funds to and from the investment. In this sense, all of these treaty commitments restrict the right to regulate. But so does every constitution. Democracy limits the power of government: that is the essence of the rule of law. And only if a foreign investor believes a government has violated one of these treaty pledges can it file a claim using ISDS.

### 'Better rights' for foreign investors

As noted above, the US and EU member state governments believe that the protections they provide in their investment treaties are consistent with their approach to the rule of law, and that the four substantive obligations of the treaty are thus no greater

<sup>5</sup> For instance, the French firm Veolia's ISDS case against Egypt is not and cannot be about the general increase in the minimum wage; its 2012 complaint is that it was not allowed to increase fees for its waste disposal services in light of the increase in the cost of labour, as its contract allowed. The case is pending (ICSID Case ARB. 12/15) (Federation of German Industry 2015).

than those provided under domestic law. That the foreign investor has access to the ISDS procedure while a domestic investor does not is inherent to ISDS being an instrument of international law. Domestic investors would not have cause to use international law against their own government. Instead, the investment treaty gives them reciprocal rights—that is, the right to bring the other government to dispute settlement should they make investments there.

## Domestic courts

Many believe foreign investors should resolve any problems they have with the government through the domestic court system just like everyone else does. This, they say, is especially so where the rule of law is well developed—as it is in the US and Europe. And indeed, foreign investors will generally turn first to local courts—not least because most problems an investor faces will not violate the four treaty obligations noted above. But if the investor feels the action of the other government is so egregious it violates the treaty, it needs another system of enforcement: in the vast majority of legal systems—including that of the US—one cannot enforce *international* law directly in local courts. This is true no matter how good the domestic legal system is, especially if the problem stems from a law adopted *after* the treaty, since in most democracies, laws adopted later in time take precedence. This is precisely why governments created the UN-based mechanism of ICSID to enforce international law.

Saying ISDS is not needed for countries with ‘developed’ systems of law also raises moral and ethical questions. Who is to judge whether the legal system of one country is better or worse than that of another’s? Indeed, even posing the question has echoes of colonialism, for it overlooks that treaties are *reciprocal*, not unilateral. In every treaty the US, Germany or the UK has signed, at least one ‘developed’ country is bound and subject to ISDS by the investors of the other party—whether China, South Korea, Mexico or Jamaica.<sup>6</sup>

## ‘Frivolous’ claims

While most Americans and Europeans might accept that ISDS could be used to resolve differences caused by a government violating its treaty commitments, some may believe that foreign investors might abuse such ‘vague’ concepts as ‘fair and equitable treatment’ to bring frivolous complaints. Of course, anyone can always bring any complaint to court. But accusing a government of violating a treaty is not a matter that either the foreign investor or the government will take lightly. The government will be upset,

<sup>6</sup> During the negotiations for a US–Jamaica Bilateral Investment Treaty in 1992, the lead Jamaican negotiator, Patrick Robinson (now at the International Court of Justice) passionately argued that Jamaica should not be subject to ISDS as it had a well-developed system of law despite its low income; he accepted ISDS only because it applied to the US as well.

to put it mildly, so foreign investors are only likely to bring cases under international law as a matter of last resort. Furthermore, all systems of arbitration have procedures to dispense with unfounded complaints, and indeed a substantial number of cases are dismissed, with tribunals exercising their discretion to apportion legal fees against claimants where they see abuse. Finally, governments can limit the scope for frivolous claims by careful drafting of the substantive obligations. For example, US government lawyers define the term ‘fair and equitable treatment’ as being ‘in accordance with customary international law’, as that gives the government considerable latitude to defend ‘normal’ state actions.

## Indirect expropriation

Most people see a government taking a person’s property as wrong, excusable only if done for a public purpose, using due process and with compensation. There are more complicated cases, for instance when the Russian government was found to have illegally used tax measures to force the bankruptcy of Yukos, which it then confiscated and sold to Gazprom and Rosneft (Brauch 2014). But dispute panels can distinguish between valid cases, like that of Yukos, and invalid cases, such as Methanex’s complaint about California’s ban of a fuel-additive, which the panel determined was a science-based decision applied in the public interest.<sup>7</sup>

## The European Commission’s (flawed) solution

In September 2015, in response to public concerns about ISDS, the European Commission adopted a ‘new approach’ to investment disputes in the context of TTIP and other negotiations (European Commission 2015a). Substantively, the Commission proposes provisions that ‘ensure the right to regulate’, define ‘fair and equitable treatment’, and limit the scope of indirect expropriations, among other things. But the highlight is a procedural change that creates an ‘investment court system’ under which the two governments appoint a standing body of 15 ‘judges’ (5 from each nationality; 5 more of a third nationality); judges are selected on a ‘random’ basis to hear complaints; an appeals process formed of 6 panellists exists; and all are subject to strict ethical requirements.<sup>8</sup>

<sup>7</sup> The Phillip Morris dispute with Australia is not about plain-paper packaging per se but about the lack of compensation for an action that the Australian High Court agrees is a ‘deprivation’ of property (Australia 2012; see, for example, paragraphs 38, 42–4, 100–1), albeit not compensable because the government did not acquire the property. Cf. European Charter of Fundamental Rights, Article 17: ‘No one may be deprived of his or her possessions . . . except subject to fair compensation’. The case is pending (Federation of German Industry 2015).

<sup>8</sup> The proposal also enshrines other procedural ‘reforms’ including on transparency, frivolous claims, binding interpretations of the parties, amicus briefs and so on, all of which are covered in the US model Bilateral Investment Treaty and the revised UNCITRAL rules.

This is a well-intentioned desire to respond to public criticism of ISDS in Europe. But in trying to develop a solution to a problem that does not really exist, the Commission's proposal creates new problems. These problems are exacerbated when one considers them in relation to countries other than the US.

## Right to regulate

As noted, the right to regulate is *assumed* in investment treaties as investments are *always* subject to the laws of the land in which they are located. In many treaties this is so self-evident that the 'right to regulate', if mentioned at all, is referred to only in the preamble.<sup>9</sup> By making the right to regulate a *substantive* provision, the Commission at the least creates the negative inference that perhaps this does not exist in other treaties. More insidiously, whether intentionally or not, the Commission proposal arguably implies that the 'right to regulate' trumps the other provisions in the treaty.<sup>10</sup> Language that may make sense in a trade context has much broader implications for investment when it implies, for instance, that concerns for public health allow a government to violate a promise not to discriminate against an investor *because of its nationality*. When the grounds that allow violation of the obligations extend to 'public morals' and 'social or consumer protection', the danger becomes even more obvious.

## Fair and equitable treatment and indirect expropriation

In a sense, the same can be said for the Commission's attempt to 'define' fair and equitable treatment and to circumscribe indirect expropriation. The Commission proposes that fair and equitable treatment is denied by 'manifest arbitrariness', or 'targeted discrimination on manifestly wrongful grounds' (European Commission 2015a). But does this mean arbitrariness and targeted discrimination that are not 'manifestly wrongful' are acceptable? Similarly, if indirect expropriation is narrowed to 'the rare circumstance when the impact of a measure or series of measures is so severe in light of its purpose that it appears manifestly excessive' (European Commission 2015a), the treaty is clearly giving space to governments to do things that are excessive, even if not manifestly so. This would be a far lower standard than many Europeans and Americans would permit from their own governments.

<sup>9</sup> Including the EU–Canada *Comprehensive Economic and Trade Agreement* (European Commission 2014b; see Chapter 10, 'Investment').

<sup>10</sup> In 1911, the US abrogated its 1832 treaty with Russia because Moscow used the 'right to regulate' in Article 2 to deny visas to Americans of Jewish or Catholic faith (US Congress 1911).

## Procedural changes

There is a certain chutzpah in the Commission's desire to create a new 'international court system' to replace the 50 years of international law behind ICSID when the EU has not yet concluded a single investment treaty. The UN-based ICSID was created specifically to address the problem of resolving disputes between investors and states through years of negotiation involving some of the best legal minds in the foreign ministries of the original contracting parties, including most European states. They chose not to call it a court because states did not want to be hauled up as defendants before courts for alleged treaty violations. The European Commission and EU member states may feel this is acceptable after 50 years of working with the European Court of Justice, but many other countries—including the US—may ask why there is a need for change. The ICSID negotiators also intentionally tried to avoid bias by stipulating that panellists may not be of the nationality of either the claimant or the respondent; in contrast, the Commission has reinserted this nationality bias. The negotiators of ICSID chose the traditional arbitration approach of having each of the parties to the dispute choose one panellist (ideally from the roster of those nominated by the other ICSID members) and then have those panellists choose the presiding panellist, both to balance the process and to avoid creating a 'court' system (ICSID 1970).

By and large the system has worked well. There have been a very few outcomes where states have lost which have been criticised by some, but there will always be critics of rulings in any legal system. And the vast majority of cases where governments have lost have been seen by most observers to be correct. Where members have seen the need, they have updated the rules and procedures, both in ICSID and UNCITRAL, to ensure greater transparency, binding joint interpretations and so on. However, rather than a wholesale call for reform, the members instead continue to rely on and build upon the system. Indeed, as recently as December 2014, the UN General Assembly adopted the Mauritius Convention on Transparency in Treaty-based Investor–State Arbitration (UNCITRAL 2014), and the traditional approach to ISDS forms the basis for the 12-nation Trans-Pacific Partnership Agreement concluded in September 2015.

## Conclusion

This is not to say that the process of ISDS cannot or should not be changed; it can, should and indeed has been, as with the 2013 update of the UNCITRAL rules and the 2014 Mauritius Convention that allows parties to 'back-date' treaties to incorporate the new rules. Similarly, the US model Bilateral Investment Treaty has been significantly expanded and clarified since its inception in 1980, most recently in 2012 after three years of scrutiny and debate under the Obama administration.<sup>11</sup>

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<sup>11</sup> It is somewhat ironic, given the outcry about ISDS and the lack of transparency in the TTIP negotiations, that the US model Bilateral Investment Treaty—the US government's TTIP negotiating text on this sensitive subject—is readily available online (US Government 2012).

The EU member states only gave the EU the power to negotiate investment protection treaties in the 2009 Lisbon Treaty, and it is understandable that the Commission, and the EU as a whole, should want to use this occasion to modernise and unify the approaches the member states have been using over the past 50 years. Many of the changes incorporated into the EU's draft trade agreement with Canada follow the direction of the new ICSID and UNCITRAL rules, and those of the US Bilateral Investment Treaty, and are widely heralded as an improvement over the member state traditions.

Some of the Commission's proposals may indeed foreshadow possible future steps. For example, while ICSID has a procedure to annul rulings if necessary, some parties, such as the US, also consider that the introduction of an appeals process may make sense. This would be difficult however, as international investment law is an amalgam of three thousand different treaties, in which the parties have agreed on sometimes slightly different wordings that may convey very different meanings and legal obligations (Hindelang and Sassenrath 2015). It would, however, make far more sense if there was a single broad multilateral investment treaty covering numerous countries, where disputes were about the same obligations.

In making its proposals, the Commission must carefully consider the work that has gone before it. Some of the wholesale changes the Commission has proposed both weaken substantive protection for investors and the mechanisms the broader UN system created to enforce these protections. If, as many hope, TTIP is to provide the basis for the EU and the US to work together to create a coherent, broader-based system for the protection of foreign investment under international law, the European Commission will need to rethink its approach.

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## ARTICLE

# ‘Uberisation’ is the future of the digitalised labour market

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Juha-Pekka Nurvala

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**Abstract** The ‘Uberisation’ of service sectors will become the norm in the future. The driving factor behind this development is a dramatic collapse in transaction costs made possible by new and more developed Internet-based matching platforms. What is emerging can be called the ‘People-to-People Economy’, a term that describes the diffused nature of the new model. Uberisation, or the new People-to-People Economy, is not the same thing as the ‘sharing economy’ since the two are based on different

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In this article, we assume that all transactions concluded using matching platforms such as Uber, AirBnB and TaskRabbit are concluded between a full- or part-time self-employed entrepreneur and a customer. Thus, none of the contracts concluded will be employment contracts, nor can employment law be applied to the transactions. This is a highly significant point from a taxation and social security point of view. I recognise that different countries have different practices when it comes to determining which transactions are subject to employment law and which are to be considered transactions between a self-employed entrepreneur and a customer. However, all countries should jointly agree that employment law cannot be applied to services sold through platforms. Transactions facilitated through platforms should always be considered transactions between a customer and a self-employed entrepreneur. This means that all service providers should be required to register as self-employed.

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economic developments. The centre–right should support this development but at the same time create a social security system for the self-employed entrepreneurs who take part in this new economy.

**Keywords** Labour market | Sharing economy | Social security | Digitalisation

## Introduction

Europe and the US are witnessing a trend towards a more diffused production of services. This can be seen in the entry of a new kind of platform-based company into services markets. The driving economic factor behind this development is collapsing transaction costs enabled by new applications of the Internet. It is a move towards what can be called a ‘People-to-People Economy’ (P2PE), in which self-employed individuals offer services in areas such as transportation, accommodation, cleaning and dining through platforms that connect demand and supply.

This article explains, first, the concept of the P2PE and, second, how it has the potential to make the European economy more flexible. It argues that the centre–right should not oppose, but support this development. The P2PE has the potential to transform European culture and entrepreneurship. Nonetheless, there are plenty of challenges ahead, which require policy responses such as modernising labour legislation, revising outdated regulations, tackling vested interests and providing social security for the growing number of self-employed people. This article will take an unwaveringly positive approach to the P2PE since this new economy will likely increase the efficiency of service production and lead to gains for the economy as a whole.

## The P2PE versus the sharing economy

The P2PE has to be distinguished from the ‘sharing economy’ represented by companies such as Zipcar and Blablacar. The car-sharing service Zipcar is simply a more efficient version of the Hertz car rental company. With Zipcar, service production is not diffused but highly centralised. The company uses technology better than its competitors to optimise the efficiency of its service. Services such as tool sharing, which are also included in the sharing economy, are more like modern cooperatives. They involve the management of common property and should not be confused with diffused service production.

The essential difference between the P2PE and the sharing economy is that in the latter people share property rights over certain goods, whereas in the P2PE people take advantage of the drastic reduction of transaction costs to produce services in a diffused manner. The P2PE and the sharing economy differ fundamentally in their benefits, weaknesses and challenges.

## What is the P2PE?

In business jargon, ‘business-to-business’ (B2B) and ‘business-to-consumer’ (B2C) refer to the basic models for commercial transactions. The P2PE involves a new and evolving variation of commercial transactions, in which the provider of the service is a self-employed entrepreneur—who often provides the service for extra income—who is connected with the customer through an online matching platform. In essence, what we are describing is a regular B2C transaction. But there are new features: the role of the matching platforms, the decrease in transaction costs these platforms make possible and, for many service providers, the part-time nature of the work involved. These points can be illustrated using UberPoP as an example. Uber itself does not provide the ride: it merely connects the driver and the customer. It is simply a platform, comparable to Amazon. The driver is not an employee of Uber but a self-employed individual providing transportation services on a full- or part-time basis.

### Reduction of transaction costs

The Internet and the new matching platforms drastically reduce transaction costs.<sup>1</sup> It is this that is currently guiding the changes in the economy. This reduction of transaction costs can be found behind many of the new service innovations, including peer-to-peer finance, the sharing economy and Alibaba. This can hardly be considered a negative development, but it does not mean that there are not plenty of actors, institutions and interest groups that are staunchly against it. Vested interests, be they monopolistic taxi lobbies or the hotel industry, have a lot to lose.

The transaction cost is the sum of information, bargaining and enforcement costs. The Internet has drastically reduced each of these. The information cost has been cut through the Internet connecting supply and demand more efficiently at a fraction of the previous cost. At the same time, the bargaining cost of concluding a contract online is only the time spent on a few mouse clicks. If something goes wrong and there is a need to enforce the contract, the platform is there to help. More importantly, the customer is empowered to a greater extent since before the peer-review system, which is widely used online, the customer was in a weak position compared to the provider. If there was a problem, the customer’s only option was litigation, which is costly and time-consuming. Furthermore, the customer’s weak position also undermined trust in buying services from an unknown person or company without the guarantee of quality provided by familiar brands. But now if a provider is not reliable, the customer can write a review that is visible to all. Unfavourable reviews will either drastically reduce opportunities for the provider or in some cases drive him or her out of the market altogether.

<sup>1</sup> Transaction costs refer to the costs involved in market exchange. These include the costs of discovering market prices and of writing and enforcing contracts.

In essence, what we are witnessing are the consequences of the dramatic reduction in transaction costs—and especially of information costs—due to the Internet. The cost of finding someone to drive you, accommodate you, cook for you, fix your Ikea furniture or do a million other small jobs has fallen dramatically. Thus, people can buy these services—which were previously only provided by companies—from either part-time self-employed individuals earning extra income or full-time self-employed entrepreneurs.

It is important to highlight the necessity of the service providers being registered as self-employed for VAT and other taxation purposes. However, it is true that practice and legislation in the EU member states differ widely on when employment law should be applied to a given transaction. It would be best if the European Commission could bring the member states and the matching platforms together to agree on a common set of regulations. The basic principle should be that all transactions concluded through matching platforms are considered transactions between a self-employed entrepreneur and a customer. Thus, employment law would not apply to the transactions.

## Reduction of asymmetry of information

Platforms enabling the new P2PE have also decreased the asymmetry of information. Previously it would have taken a lot of time and effort to find an apartment to rent for a short stay in a city one had never visited. Through platforms such as Airbnb or Task-Rabbit, this information cost has diminished to the point that it is practically as easy and inexpensive to find individual providers of accommodation as it is to find a business providing these same services.

Asymmetry of information<sup>2</sup> is one the basic problems in all transactions. But it becomes particularly significant when someone buys from an individual or company with whom he or she is not acquainted or has never done business. The basic problem is that the supplier of the service always knows a good deal more about the service than does the buyer. Think of a transaction involving the purchase of a used car. The previous owner knows much more than the potential buyer about the car and what it is actually worth. Across the globe this problem has been addressed not only through legislation and regulation, but also through creating brands, which signal a certain standard of quality.

One might have thought that the problem of asymmetry of information would have stopped online trade altogether. However, the trade produced a solution of its own: the peer-review system. When platforms enable possible buyers of services to see photos, and read and post reviews of providers, this has the effect of diminishing the difference in the degree of asymmetry of information that would otherwise have existed between,

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<sup>2</sup> 'A situation in which one party in a transaction has more or superior information compared to another. This often happens in transactions where the seller knows more than the buyer, although the reverse can happen as well. Potentially, this could be a harmful situation because one party can take advantage of the other party's lack of knowledge' (Investopedia n.d.).

for example, an individual provider of accommodation and a hotel chain that follows certain quality rules. Both as a guarantee of quality and as a way to address the asymmetry of information, brand has lost its value in the sector because you can now quickly check the reviews of your hosts.

## Matching supply and demand through online platforms

In the P2PE a self-employed entrepreneur and a customer are connected through an online matching platform. This has been the reality in the goods sector for a long time thanks to Amazon and Alibaba. Certain qualifications must be added here, however. Amazon sells goods itself. Moreover, the providers of goods are often companies. Still, many of the sellers on both marketplaces are self-employed entrepreneurs. This is hardly surprising, however, given that the costs involved in producing goods differ considerably from the costs of providing services. In the service sector, online platforms are widely used that match service-providing businesses with customers, whether individuals or other businesses. What distinguishes the emerging economy from what preceded it is the scale on which self-employed individuals are providing services to other people. There is every reason to believe that over time this trend will spread to other sectors within the service industry in Europe—for example, consulting, on-demand doctors and video making—especially when regulations are adjusted in light of the changes in the service economy. This claim is easy to make because the phenomenon is far more advanced in the US.

There are economic, political and cultural reasons to support the P2PE. It could have far-reaching effects for our economy and culture. Still, it is worth noting that if the P2PE becomes prevalent in certain service sectors, this will also lead to structural changes and the allocation of resources to new sectors. This, in turn, may result in a short-term increase in unemployment before resources are reallocated.

Economically, the P2PE can be expected to lead to gains through greater competition and the more efficient use of existing resources. Private residences are under utilised for short-term accommodation when the owner is not present. It has been estimated that the average car is only used 3.5 % of the time (RAC Foundation 2012). In situations of high unemployment, there are many people who could work more if regulations did not stop them. It is arguable that even if regulators score early wins against P2PE platform companies, these companies will prevail since more efficient ways to produce services and goods have tended to win through even when faced with vested interests and government regulations.

## How will the labour markets be changed?

If in the future more and more services are provided by self-employed individuals through matching platforms, our labour markets are in for a dramatic change. There are

numerous fields in which this model could work. It is already in action in transportation, accommodation and the running of errands. It is starting to spread to restaurant services, strategic consulting, video editing, one-off jobs and numerous other fields (*The Economist* 2015a).

## The role of the firm in jeopardy?

In his seminal 1937 work ‘The Nature of the Firm’, Nobel Prize winner Ronald Coase explained that firms exist because of transaction costs. Firms were a way to create long-term contracts, which are cheaper than short-term contracts due to transaction costs such as hiring employees and negotiating prices (*The Economist* 2010). What we are witnessing is a trend in the opposite direction. Individual providers are becoming competitive with firms because transaction costs have plummeted and trust (to counter asymmetry of information) can be built cheaply and transparently through the peer reviews and assurances provided by the matching platforms. Assuming that the analysis given here of the underlying economic reasons for Uber and similar companies is correct, we can expect more and more people to become self-employed entrepreneurs in the future. It will become easier than ever for people to sell their labour to support themselves.

## Providing opportunities for unskilled workers

There have long been concerns about the future prospects of unskilled labour (Dobbs et al. 2012). Through lower transaction costs and self-employment, more opportunities can also be created for low-skilled and unskilled labour. The US company TaskRabbit is doing exactly that. Through this platform those selling their labour and those wanting to benefit from it can meet. TaskRabbit is used especially to find someone to run small errands and carry out minor tasks such as tending a garden, fixing furniture and moving. Critics who argue that this means more precarious working conditions for workers are correct. However, the real question is, Do we prefer people to work in a precarious manner or to have people on welfare who are eager to work? The centre-right should always be on the side of those who want to enhance their and their families’ situation through work. Being committed to making work a high priority entails a readiness to reform the labour market and social security structures to make it possible to work and receive benefits.

Someone might say that the situation described does not differ significantly from that of a company which buys staffing services from a staffing services provider. But in the P2PE model, the self-employed individuals who sell their labour are in full control. Moreover, they can take home a larger part of the payment for their services since there is no need to pay a staffing company. This model would empower more people to become self-employed entrepreneurs. As regards cultural change, if these platforms become more popular and regulations are changed to encourage working, remaining on welfare will become less socially acceptable. At present, unemployed citizens can always argue

that as labour market outsiders their employment opportunities are reduced by the current labour market and social security structures. If selling one's labour is made easier, it will no longer be possible to make this claim.

## Cheaper prices through social dumping and exploitation?

But someone will ask, How can self-employed entrepreneurs sell their services more cheaply than a 'normal' company or service provider? Contrary to what lobbyists hired by vested interests argue, the answer is not that the self-employed do not pay taxes. There are two simple answers to the question. First, companies have costs other than the wages they pay for each of their employees. The other costs—which we call 'side costs'—include all taxes, social security payments, national insurance payments, sick pay, holiday pay and similar costs. Self-employed people pay their own social security contributions, and they often have to pay higher contributions. But they are not liable for paying all the same costs that employers have to pay for their employees. The question of these additional costs is important because for employers they represent a considerable expense over and above the wages paid. Second, it was the combination of high transaction costs and the asymmetry of information that made it necessary to establish companies and brands in the first place—and forming companies and establishing brands comes at a cost. However, self-employed drivers, for example, do not have any back-office staff to support. In terms of the taxi market, most taxi drivers are already self-employed, but they cannot sell their services more cheaply because of regulations that give taxi companies a monopoly.

Self-employed people, and entrepreneurs by and large, do not enjoy the same benefits as regular employees—benefits such as paid holidays and occupational health care (*The Economist* 2015b). They have to provide these benefits themselves, and thus, they should not be required to pay the same expenses. Our social systems are based on the idea of regular employees in permanent labour contracts contributing to pensions and social security. In 2014 about 14 % of the EU labour force were self-employed, and the rate has remained stable (Hatfield 2015). The different regions in Europe differ widely in the percentage of the workforce that are self-employed, the education levels of self-employed people and the sectors in which they work.

## A new social security system that encourages people to work

The fundamental question is, should the rules of this new P2PE labour market be different by virtue of its being fundamentally different, or should we simply apply the existing rules? It seems clear that a completely different social security model is needed to accommodate the needs of all self-employed people, but especially the needs of those working through P2PE platforms.

There are many different ways to organise a social security system that offers more encouragement to those who want to work. The citizen's income model merits further study. Such a system is less bureaucratic, and with the level set right, the incentive to work is always there. Citizen's income systems can be set up in different ways. The model is based essentially on the idea that each citizen is allocated an income, which replaces all other forms of social security payments. With work income, the citizen's income would drop. Of course, most people would never see a penny of the money, but this would function as a safety net for those employees or entrepreneurs whose income is highly uncertain. Economists consider the model too expensive to provide a sufficient level of income for those without extra earnings. However, the recipients could be limited to workers in certain sectors with certain contracts.

The idea of citizen's income is controversial in the centre-right. Many are against it, believing that being opposed to the idea that citizens are entitled to an income from the state is incompatible with the view that everyone should work and provide for themselves. But careful analysis reveals the conflict to be non-existent. We might be opposed, as a matter of principle, to the idea that citizens are entitled to an income from the state. But at the level of policy, there are very few who would want to govern accordingly. After all, if this were to be done, social security would not be provided to a large number of those who currently benefit from it. The second objection often put forward is that if receiving support from the state were automatic, it would disincentivise working. This is impossible to verify or refute since the system has not been tried in practice. However, there is plenty of evidence that the current rigid and piecemeal model does indeed discourage people from working (Boeri et al. 2000). No matter what we decide to call the system and how we limit its coverage, the underlying priority must be to design a system that encourages people to work. Naturally this model would only apply to those of working age.

## Conclusion

In essence, what is new about the P2PE is the reduction in transaction costs enabled by online matching platforms. The P2PE will likely increase the efficiency of the general economy by increasing competition and using existing resources more efficiently. The labour and services markets will change in Europe as they already have in the US.

The European centre-right should be on the side of those people who want to work. It should be highly supportive of this new development in the labour market. At the same time, we have to modernise the social security system in such a way that it is flexible enough to meet the needs of self-employed entrepreneurs selling their labour through matching platforms.

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## ARTICLE

# Is there an Obama doctrine?

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**Abstract** Seven years after Obama assumed office, experts still differ over what the ‘Obama doctrine’ is. Viewing the world through a mix of scepticism over what US power can achieve and a sense of optimism over long-term trends that favour the liberal order, the current US president has advocated a policy of prudence and disengagement. This vision, according to some analysts, has underestimated the revisionist threat to the liberal global order and a more robust American policy will be required from the next administration as a result.

**Keywords** US | Europe | Obama | Foreign policy

## Introduction

In a recent interview on the television show *60 Minutes*, US President Barack Obama was questioned about the challenge that Russia’s move into Syria represented to his

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leadership. Obama brushed off the question, saying Russia's president, Vladimir Putin was acting out of weakness and that the need to prop up President Assad was a sign that the Syrian dictator was losing his grip. More strikingly, the president added: 'if you think that running your economy into the ground [referring to the Russian economy] and having to send troops in order to prop up your only ally is leadership, then we've got a different definition of leadership. My definition of leadership would be leading on climate change, an international accord that potentially we'll get in Paris' (*60 Minutes* 2015). This sense of priority might have surprised the audience, especially given the context of the ongoing Syrian tragedy.

More than six years into office, observers are still at pains to define Obama's foreign policy vision, the philosophy guiding his actions on the international stage. Is the president mostly motivated by domestic aims? To what extent can his foreign policy be defined by a doctrine, and how does it fit into American traditions? Despite the hope created by Obama's election in 2008, European policymakers have often found the US president disengaged, even aloof. Early decisions such as the 'reset' with Russia, the decision to scrap the missile defence sites in Poland and the Czech Republic, or the long and largely unilateral Afghanistan review have fuelled this narrative. Understanding the president's vision thus matters greatly to Europeans and transatlantic relations, not only as a way to engage Washington in Obama's last year in office, but to gauge the potential for change and continuity after the end of his second term.

Henry Kissinger, in *Diplomacy*, describes US foreign policy as oscillating between the traditions of its first two internationalist presidents, Theodore Roosevelt and Woodrow Wilson, between a belief in the need to defend US national interests and balance power politics, and an almost messianic self-proclaimed mission to promote liberal democracy (Kissinger 1994). Where does Obama fit into this? He has alternately been called an 'idealist' (French 2014) and a 'realist' (Kaplan 2014). Some claim that he himself does not know and that it is more than time to choose (Drezner 2013).

The concentrated and opaque nature of decision-making at the White House makes it difficult to deduce the foreign policy vision of a president from the views of his main cabinet members. While the G.W. Bush administration (especially in the first term) was famous for its turf battles between strong personalities such as Donald Rumsfeld, Condoleeza Rice, Dick Cheney and Colin Powell (Mann 2004), Obama seems firmly in charge of foreign policy, relying on a close-knit group of advisers. In the case of the conflict in Ukraine, for example, while Defense Secretary Ashton Carter and Secretary of State John Kerry both signalled their support for the delivery of weaponry to Kyiv to sustain the Russian invasion, the president decided against this course of action, firmly set against any risk of escalation with Moscow. As a recent *Politico* article noted: 'Obama's West Wing inner circle serves as a brick wall against dissenting views. The president's most senior advisers—including National Security Adviser Susan Rice and White House chief of staff Denis McDonough—reflect the president's wariness of escalated U.S. action related to Syria or Russia and, officials fear, fail to push Obama to question his own deeply rooted assumptions' (Crowley 2015). While Samantha Power, the US

ambassador to the UN, is known for her work on the prevention of genocide and mass atrocities (encapsulated in her book *A Problem from Hell*), it is unlikely she has much say over decision-making today.

## Between Nixon and Fukuyama

It would be a mistake to paint the president as a naïve or indecisive academic or to infer that his policies are simply motivated by a willingness to differentiate himself from his predecessor. Obama was certainly elected with a clear mandate to end an unpopular war in Iraq and in the midst of an international financial crisis. But his actions and, to a lesser extent, his rhetoric, reflect a particular vision of the US's role in the world and the threats it is facing. More importantly, they inform us of the direction US foreign policy will be likely to continue to take in the last year of Obama's administration.

In fact, since his election, Obama has sustained a clear foreign policy based on restraint, if not retreat, and deep scepticism over not only the use of force, but even what US power can accomplish in the world. This should not be confused with the 'isolationism' that has characterised the US's reluctant engagement with the world ever since George Washington's farewell address: 'The great rule of conduct for us, in regard to foreign nations is in extending our commercial relations to have with them as little political connection as possible' (Whitney 2003, 24).

The concept of 'isolationism' does not seem to describe Obama's policy. With the largest diplomatic network in the world, about 156,000 active-duty military personnel serving abroad, and the highest volume of imports worldwide, the US is hardly in a position to isolate itself. But this view does encapsulate the 'light footprint' approach favoured by the administration when dealing with security issues: drone strikes and special force operations are used, rather than heavy involvement (Sanger 2013). The administration took a cautious back seat during the Arab revolutions. While it supported sanctions against Russia after its invasion of Ukraine (with little cost, contrary to the effects on the European countries that are more dependent on trade with Russia) and Franco-German efforts to negotiate the Minsk II agreements, the White House resisted growing calls from defence experts (Pifer et al. 2015) and administration officials to support Ukraine with weapons delivery. In Syria, while the administration's official policy has been to call for the ouster of President Assad, it has consistently failed, or refused, to supply the means to achieve this stated objective. This was demonstrated most spectacularly in the about-face that followed the violation of the 'red line' on the use of chemical weapons against civilians, set by Obama himself, after the Ghouta massacre in August 2013.

In this respect, the president seems to resemble an old-fashioned realist, in the mould of Nixon or George H. W. Bush, advocating against the use of force when it is not strictly in US national interests, and conducting foreign policy as a 'normal nation' would. This is reminiscent of the 'Powell doctrine', the rules set by the former Republican Secretary of State (who supported Obama in both elections) for the use of American force: a clear

national interest, attainable objectives, public support, overwhelming force and an exit strategy. A deep-rooted scepticism of the transformative abilities of US power can be added to this. As his close adviser Ben Rhodes recently told a reporter, in criticism of the Republicans: ‘there’s such an extreme vanity that everything happening in the world is an extension of our agency. There are just forces happening’ (Draper 2015).

However, surprisingly, the administration mixes this prudent attempt at realpolitik with optimism about long-term trends that favour the expansion of liberal norms and, more generally, US power, a world-view that does not fit with the traditional realist mould of the balance of power politics and tragic history. In almost Hegelian ‘sense of history’ terms, the administration is fond of saying its opponents’ tactics do not fit in our times. After the beheading of journalist James Foley in August 2014, Obama claimed that Islamic State ‘has no place in the twenty-first century’ (Margolin 2014). This echoes similar rhetoric concerning Russia’s aggression against Ukraine. John Kerry, for example, said: ‘You just don’t in the twenty-first century behave in nineteenth century fashion by invading another country on completely trumped up pre-text’ (Epstein 2014). Obviously, it is clear that Putin’s Russia and Islamic State’s threats belong, *de facto*, to the twenty-first century, and cannot be passively relegated to the dustbins of history. In the same spirit, when Mitt Romney, the Republican candidate in 2012, claimed that Russia was ‘America’s number one geopolitical foe’ (Willis 2012) (a statement that has gained great relevancy over the last year), he was ridiculed by Obama who responded by saying ‘the 1980s are now calling to ask for their foreign policy back’ (YouTube 2012). He added in an interview: ‘I don’t need a Kennan right now’ (Costigliola 2014), a reference to the famous diplomat who formulated the US ‘containment’ strategy during the Cold War.

Is idealist rhetoric being used as a veneer to justify passivity and a focus on domestic politics? Not quite. In this vision, the main threat to US foreign policy would come from overreacting to adversaries that are mostly acting out of weakness and desperation. According to the White House’s view, while Washington pundits are hysterical about the US’s loss of prestige and influence, the president is playing the long game. As National Security Adviser Susan Rice put it when addressing the Brookings Institution recently to present the National Security Strategy:

[T]oo often, what’s missing here in Washington is a sense of perspective. Yes, there’s a lot going on. Still, while the dangers we face may be more numerous and varied, they are not of the existential nature we confronted during World War II or the Cold War. We can’t afford to be buffeted by alarmism and an instantaneous news cycle. (Brookings Institution 2015)

If more traditional, zero-sum, great power rivalries do not constitute the main threat to the US, then what does? The National Security Strategy published by the White House in 2015 lists a series of threats, clearly distinguished by their transnational and ‘new’ nature:

[C]atastrophic attack on the U.S. homeland or critical infrastructure; threats or attacks against U.S. citizens abroad and our allies; global economic crisis or widespread economic slowdown; proliferation and/or use of weapons of mass destruc-

tion; severe global infectious disease outbreaks; climate change; major energy market disruptions; and significant security consequences associated with weak or failing states (including mass atrocities, regional spillover, and transnational organized crime). (The White House 2015, 2)

On the other hand, the US's projection of power is secured by its 'growing economic strength' as well as a 'young and growing workforce, and a resilient and diversified economy' (The White House 2015). In a way, Obama's world-view is a left-leaning, progressive version of Francis Fukuyama's 'End of History' argument, which postulated that the end of the Cold War marked the end of the confrontation of political models and the triumph of liberal democracy and free markets as the ultimate path for mankind.

An analysis of a few of the catchphrases or slogans that have variously been used by members of the administration to describe US foreign policy during the last few years is, in this respect, quite illuminating.

Catchphrase one: 'nation-building at home'

*President Barack Obama, announcing a reduction of 33,000 troops in Afghanistan by September 2012, said it was 'time to focus on nation-building at home' and offered a 'centered course' for U.S. military engagement that he said would be rooted in pragmatism.*

(The White House 2011)

Obama was elected in the midst of the greatest financial crisis since 1929 and, understandably, his first efforts focused on navigating the 'Great Recession' with the passage of an \$831 billion stimulus package (the American Recovery and Reinvestment Act of 2009). But beyond an urgent reaction to the crisis, the administration has focused most of its political capital on domestic initiatives, including notably the Affordable Care Act ('Obamacare') and the use of executive authority on issues such as immigration.

Interestingly, this approach is also favoured by foreign policy analysts such as Fareed Zakaria and Richard Haass. In his book *Foreign Policy Begins At Home*, Haass, the President of the Council for Foreign Relations argues that the US's power projection is weakened by its shortcomings at home: 'Many of the foundations of this country's power are eroding; the effect, however, is not limited to a deteriorating transportation system or jobs that go unfilled or overseas owing to a lack of qualified American workers' (Haass 2014, 3).

Catchphrase two: 'don't do stupid sh\*t'

*The West Wing has a preferred, authorized distillation of the president's foreign-policy doctrine: 'Don't do stupid shi\*t.' The phrase has appeared in The New York Times three times in the past four days. So, if the White House's aim was to get the phrase in circulation, mission accomplished!*

(Allen 2014)

In 2014, journalists started reporting that administration officials were using this phrase to describe Obama's prudent approach to foreign interventions. In this respect, not getting dragged into complicated and distant conflicts (such as the war in Syria) becomes a more important objective than anything that could be accomplished on the ground. Despite paying lip service to the Syrian transition, the administration has thus consistently resisted any policy move that would entail greater engagement.

Catchphrase three: 'leading from behind'

*Nonetheless, Obama may be moving toward something resembling a doctrine. One of his advisers described the President's actions in Libya as 'leading from behind'.*  
(Lizza 2011)

If not the US, then who? Others. The phrase 'leading from behind' was used to describe the administration's support for the NATO-led military operation in Libya that led to the toppling of Muammar Qaddafi in 2011. While the US provided diplomatic and military support, the operation was led politically by the UK and France, with the backing of UN Resolution 1973. It is not clear whether the administration intended the phrase to go public the way it did. However, it does correspond with the view that the US must rely on and even outsource to its partners the resolution of issues that are more directly connected to their interests. Some analysts have called this a 'responsibility doctrine' (Hachigian and Shorr 2013).

Catchphrase four: 'strategic patience'

*Rice urged a policy of 'strategic patience' that allows America to prove its power when it must, but as often resists reflexive responses that could ensnare the U.S. in long-term conflicts.*  
(Ratnam 2015)

The logical consequence of this restrained position, the term 'strategic patience' was the centrepiece of the 2015 National Security Strategy. It implies that the challenges confronting US power need to be addressed, not by responding to alarmist calls with military intervention, but through long-term and multifaceted investment.

## The revisionist challenge to US power

At the heart of these debates, then, lie three questions, each of which presents two alternatives. To each of these questions, this administration has responded by selecting the second option.

1. Does the US have a special responsibility on the international stage, or should it act as a 'normal' nation?

2. Can US power decisively affect the course of events on the international stage, or is it preferable to let other countries take the lead, especially when US interests do not seem to be directly affected?
3. Is there a growing challenge to US power and the liberal international order, or are long-term trends favouring the US?

The corollary of this approach is the optimism it provides when it comes to assessing the dangers facing the US and the scope of the threat represented by powers such as Russia or Iran. Obama favours cooperation with adversaries of the US, as he announced he would during his first presidential campaign, as evidenced by the—failed—reset with Russia and the nuclear deal reached with Iran. While the administration claims today (to convince sceptics) that the Iran deal should only be analysed through the lens of its nuclear dimension, there has been consistent hope among administration supporters that this could lead to increased cooperation, or even convergence, between Washington and Tehran on other Middle East issues (such as Syria or Iraq). Moreover, according to some of its supporters, by ending Iran's international isolation, the deal should lead to the eventual moderation of Iran's regional stances.

The president himself has brought credit to this vision. In an interview with *The New Yorker* in January 2014, Obama shared his intention to favour a balance of power between Sunnis and Shias in the Middle East:

If we were able to get Iran to operate in a responsible fashion—not funding terrorist organizations, not trying to stir up sectarian discontent in other countries, and not developing a nuclear weapon—you could see an equilibrium developing between Sunni, or predominantly Sunni, Gulf states and Iran in which there's competition, perhaps suspicion, but not an active or proxy warfare. (Renmick 2014)

But this gamble has largely failed so far and may have encouraged further instability by creating a vacuum that rival powers have been quick to fill. Russia's intervention in Syria to bolster President Assad, China's growing assertiveness in the South China Sea, and the continuing tension between Sunnis and Shias in the Middle East all testify to this. In a brilliant essay in *Foreign Affairs*, Walter Russell Mead argues that the post-Cold War world is being challenged by a return to geopolitics:

President Barack Obama built his foreign policy on the conviction that the 'war on terror' was overblown, that history really was over, and that, as in the Clinton years, the United States' most important priorities involved promoting the liberal world order, not playing classical geopolitics. All these happy convictions are about to be tested. . . . In lvery different ways, with very different objectives, China, Iran, and Russia are all pushing back against the political settlement of the Cold War. What binds these powers together, however, is their agreement that the status quo must be revised. (Russell Mead 2014)



## And after Obama?

Can we expect comparable behaviour from the next administration? There is reason to doubt it. First, leading candidates on both sides of the political aisle (putting aside Donald Trump) promote a more engaged and interventionist foreign policy. Hillary Clinton has openly criticised the administration for its soft response on Syria, advocating no-fly zones and support for rebels, and has historically encouraged a more robust international stance (Crowley 2007). On the Republican side, candidates such as Jeb Bush and Marco Rubio have also pushed for tougher positions and retain among their advisers many influential figures from the interventionist schools of thought in American foreign policy, such as the neoconservatives. Besides, beyond the personalities and persuasions of the candidates, pressing international challenges make the need for a less restrained foreign policy more urgent by the day. The American public also increasingly disapproves of the president's current foreign policy, in larger numbers than on other issues such as the economy (*Real Clear Politics* 2015).

The prospect of a more engaged US should not, however, provide respite for Europeans. As tempting as it would be to wait a US president out and hope that the next one will prove more attuned to European concerns over instability in the Middle East or Russian revanchism, such a position is not tenable in the long term. Other US presidents will be likely to consider that the long-term interests of the US lie in places other than Europe or the Middle East: notably in the Pacific where the rivalry with an emerging China will determine most of the twenty-first century's geopolitics. Obama may have differed from his predecessors in advocating a much more restrained view of American power, but this should not lead us to take for granted a return to a more ambitious leadership position after his second term. European countries' difficulties in coping with the instability on their periphery, both southern and eastern, provide ample and urgent reason to invest in defence and foreign policy, regardless of who is occupying the Oval Office.

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## ARTICLE

# America's new direction in foreign policy

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**Abstract** US foreign policy is approaching a decision point. One option would keep the US heavily engaged in the international system. The other would produce a gradual exit from the global stage. Out on the presidential campaign trail, candidates from both parties are offering variations of this choice to voters. This makes the stakes of the 2016 presidential election unusually high for Europe. Hanging in the balance is the future of transatlantic relations and the security of America's longstanding allies.

**Keywords** US foreign policy | Next US president | Security | Transatlantic relations

## Introduction

These are unsettling times for the US and Europe. On the transatlantic periphery, the Islamic State (IS) is destabilising Syria and Iraq, Russia is fighting a 'Cold Peace' with Ukraine, and NATO's eastern flank looks wobbly and exposed. All the while, Russian

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forces are projecting power into the Middle East and an increasingly assertive Chinese navy is probing the waters of North America and the Mediterranean (Bugajski 2004; Lucas 2015; Sciutto 2015; Holmes 2015). If the frontiers look troubled, the home fronts are not especially calm either. On both sides of the Atlantic, democratic polities are grappling with the plight of refugees and undocumented immigrants, the perils of bloated deficits, and the shock of sporadic, politically motivated violence. If there was ever a time to forge a confident, transatlantic response to shared policy dilemmas, this is the ideal moment. Yet out on the US presidential campaign trail, iron-clad solidarity with Europe is not universal.

American foreign policy is fast approaching a decision point. Will the US turn inward or outward during the next presidential administration; will President Barack Obama's successor muster the financial resources to deter rising competitors and restore tranquillity to the global commons; and what—if anything—are Europeans to make of the unusually large crop of 2016 presidential hopefuls? The answers that each campaign offers to these questions provide insight into the next phase of the transatlantic relationship. Unfortunately, some of the answers currently set forth are troubling.

## The next Madam/Mr President

One fact that is immediately apparent about the 2016 presidential field is its size. Nineteen Republicans and Democrats are currently vying for the White House. The breadth of the field, and the divergence of political views among the candidates, has altered the typical nomination patterns of both parties. As former US President Bill Clinton once explained, 'In every presidential election, Democrats want to fall in love. Republicans just fall in line' (Kuhn 2007). This was true in past election cycles, but Clinton's observation holds little currency in the early race for 2016. On the right, Republican voters have yet to find a candidate with whom to fall in line. On the left, Democrats are still flirting with their options, but with little romance.

A second, and more significant, dimension of the presidential contest is that two old and powerful strains of US foreign policy DNA are jostling for dominance. One is inward-looking: it flourishes on account of America's relative isolation between the Pacific and Atlantic Oceans. The other is an outward-looking internationalism that seeks predictability and stability in the global commons. To varying degrees, all presidential hopefuls manifest traits from one or the other strain. Over the next year, US voters will decide which version they prefer: an inward- or outward-looking foreign policy. The stakes for US–European relations are unusually high as a result. This tension is especially notable in the Republican field, since European leaders could encounter a very different kind of US foreign policy under a prospective Jeb Bush presidency than under a Ted Cruz one. Yet this variation is also present on the Democratic side of the political spectrum. It is for this reason that candidates from both parties deserve close scrutiny through the lens of US–European relations.

## Republicans

The lengthy list of Republican candidates defies easy summary or abbreviation. However, a survey of the current leaders in the presidential pack is illustrative of how the foreign policy debate is shaping up within the Grand Old Party (GOP).

Businessman and reality television personality Donald Trump is—for now—leading the Republican field. Thus far, Trump has been a one-issue candidate, deftly channeling strong anti-establishment feelings among some Republican voters into a campaign against undocumented immigrants. Trump's one and only foreign policy proposal is to build a 'wall across the southern border' and 'make Mexico pay for it' (Trump 2015). It is isolationism without nuance.

Physician Ben Carson has an equally strong appeal among anti-establishment voters. Unlike Trump, however, his foreign policy positions are more developed and internationalist in tone. Carson's primary focus is on establishing a strong national defence and asserting leadership in NATO 'when dealing with international bullies such as President Putin' (Carson 2015). He offers an internationalist alternative to other anti-establishment candidates in the GOP field.

Former Governor Jeb Bush represents the gold standard in mainstream Republican politics. He has assembled a who's who of leading foreign policy experts (with many hailing from the Bush 41 and Bush 43 administrations). Bush's Atlanticist credentials are rooted in the Dean Acheson tradition of active US–European engagement. Bush has invoked Ronald Reagan as a leader who 'believed that the Cold War could be won, not just endlessly managed' (*Washington Times* 2015). In policy he has rejected the current White House's rapprochement with Iran. Under a Bush 45 presidency, current policy towards countries like Iran could see substantive changes. Europe take note.

Senator Ted Cruz is an enthusiastically anti-establishment candidate and a hawk on deficit spending. The US comes first on the Cruz campaign. His foreign policy outlook shuns any encroachment on national sovereignty from international institutions such as the UN. Cruz has also pledged that anyone who wages jihad on the US has 'signed [their] death warrant' (*Washington Post* 2015). It is a message that resonates strongly with a good portion of Republican voters, but turning this promise into a coherent policy could prove difficult and expensive.

Potential game-changer candidates to watch are Carly Fiorina and Marco Rubio. Both are working their way up in the polls, and both candidates have the potential to eventually lead the pack. Europeans can take heart from either candidate's internationalist credentials.

## Democrats

Compared to the GOP roster, the field of Democrats vying for the White House is small and orderly. Yet even here, the inward/outward tension on foreign policy (especially on trade) is discernible.

Former Secretary of State Hillary Clinton has the best-established foreign policy record among all of the declared Democratic candidates for president. As a quintessential liberal institutionalist, her international credentials are easy to identify and predictable. She is an Atlanticist, but her pledged support to labour unions on the campaign trail could eventually put her at odds with supporters of free trade (see below for the discussion of the Transatlantic Trade and Investment Partnership, or TTIP).

A self-declared 'Democratic Socialist', Senator Bernie Sanders appeals to the left wing of his party. Emphasising income equality and free-wheeling spending in his campaign stump speech, recent estimates put the cost of Sanders's proposals at \$18 trillion over 10 years (Geier 2015). At that rate, the US would have little money left to execute a foreign or defence policy. One notable difference between Sanders and the Obama White House is trade. Sanders opposes all free trade agreements. If TTIP is not ratified before Obama leaves office, it could have a short life-expectancy in a Sanders White House.

## The tremendous task

Whoever wins the election in November 2016 faces a tremendous task. The US's forty-fifth president will inherit a dangerous, crisis-prone international system that shows little sign of righting itself. It is an environment in which the US and Europe have the most to gain from tight cooperation. They also have the most to lose by failing to put forward a new transatlantic game plan. Recognising the proliferation of potential crisis points in US–Europe relations, five issue areas could prove pivotal:

- **Russia** The Kremlin's illegal annexation of Crimea and 'Cold Peace' with Ukraine represents an overt challenge to the post-1989 settlement of Europe. Even now, Russia remains in open revolt against the fundamental principles of the international system (as laid down in the Helsinki Final Act and the UN Charter). Under the next president, the US and Europe will need to re-establish the validity of these documents and the rules-based international system that they represent. More immediately, transatlantic leaders will need to prevent future revisionist probing from Russia into Europe. The best way to accomplish this goal is to visibly bolster NATO's security frontier with Russia. Paying for this will prove challenging.
- **IS** The horrific brutality of this terrorist group makes headlines. Its advances into Syria and Iraq threaten multiple US and European partners across the Middle East. While Washington has debated the extent to which IS might threaten the



American homeland, IS-inspired attacks and the ensuing refugee crisis are the obvious knock-on effects from the fighting. Arms shipments from the UK, Germany and France to Kurdish forces, coupled with the US's ongoing train-and-equip programme in Iraq, offer a starting point for better US–EU cooperation to eliminate the virulent danger of IS. As in the case of Russia, however, the investment of political and financial resources in this task is daunting. Without clear leadership, American and European publics might not be prepared for the long-game against IS.

- **Refugees** The walls are going up all over Europe. If this trend continues, it could mean an end to the EU's bold vision of creating a Europe without borders (or at least man-made internal barriers). Europe is not alone in contending with a surge in refugees from the fighting in the Middle East. The US has begun to 'scale up' its own efforts and plans to accept 10,000 Syrian refugees in the coming year (Harris et al. 2015). The deeper transatlantic dilemma is the spread of IS from which the refugees are fleeing. Making the EU's external borders more secure will help to manage the inflow of millions more refugees. This will require sizeable investments in defence and maritime fleets; and it represents an additional budgetary burden that many European states might be unable or unwilling to bear.
- **TTIP** When the US and Europe began negotiations over the TTIP in 2013, it was supposed to represent 'low hanging fruit' on the transatlantic agenda. As two of the largest trading blocs in the world, and with \$3.7 trillion invested in each other's economies, the removal of commercial barriers seemed like an easy win–win for both sides (Akhtar and Jones 2014). That was then. Today, a host of technical impediments obstruct the completion of the TTIP. As the largest free trade agreement the US has ever tried to negotiate, nearly all segments of the American economy will be affected. Unless an unexpected breakthrough in the deadlock occurs, it now looks as if the TTIP will not be presented for ratification by the Senate before Obama's term ends. This means that the election of the next president will almost certainly determine whether the TTIP succeeds or fails. If an anti-free trade candidate wins the election, the TTIP's future looks bleak.
- **Energy (carbon)** One topic that could potentially divide the US and Europe is carbon. While presidential hopefuls like Bush have stated that they 'continue to embrace the reduction of carbon emissions that have taken place', others like Sanders have endorsed outright taxes on carbon and methane emissions (Sanders 2015; *Real Clear Politics* 2015). Since the next president will be in office when current global greenhouse gas rules expire in 2020, the US implementation of any future agreement will almost certainly hinge on the winner in 2016. In a hypothetical Cruz White House, for example, national sovereignty will trump any binding UN emissions treaty, making the issue a dead letter upon arrival.

## What now?

An organisational problem for US policymakers and, by extension, the US–EU relationship, will be money. The generation of US leaders who are alive today must contend with the real limits of a resource-constrained fiscal environment. At current rates, the US debt-to-GDP ratio will hit 100 % by 2040 (US Congressional Budget Office 2015). The unfeasibility of deficit spending is real, and efforts to curtail the US debt burden are a

painful necessity. The net effect of these measures will be to move US foreign policy into uncharted territory. In the past, large sums of money have invariably been spent on international problems. Whether it was the Marshall Plan, the Nixon Doctrine or the democracy assistance programmes of the 1990s, US leaders have always been able to rely on taxpayer largesse to overcome seemingly insurmountable obstacles. Not anymore.

One way to better align dwindling resources with policy objectives is a return to strategy. This sounds straightforward. However, the concept of incorporating strategy into US policymaking has been on the decline in recent years. This trend represents a break from the actions of previous generations of US diplomats, generals and thinkers, who enjoyed the benefits of an organisational strategy to guide decision-making. The dominance of strategy in policymaking helped these leaders to navigate the multi-faceted geopolitical environment of pre-war Europe, a dual-fronted World War, a global Cold War and the post-1989 settlement of Europe. As scholars such as John Lewis Gaddis (2009) have stressed, the gradual breakdown of strategy after the Cold War has imposed an unwanted burden on the sustainment of US (and by natural extension European) interests.

The good news is that a transatlantic strategy does exist. Even better, it can be put to work in the twenty-first century. It is the concept of 'Europe: Whole and Free', and it is relatively impervious to the tides of domestic American politics. Regardless of who becomes the next president, the US will always have an interest in pursuing political unity, democratic freedom and peace in Europe. After 1989, this strategy guided the expansion of the EU and NATO as a means—not an end—to achieving a stable, prosperous Europe with robust ties to the US. In the post-Crimea environment, this same strategy can guide a new means: managing geostrategic competition in the lands between Berlin and Moscow. Should Western leaders allow Russia to carve Ukraine into puppet proxy states? Should Europe commit itself to defending Lithuania against a Russian probe of its sovereignty? By applying the filter of 'Europe: Whole and Free' to these and other potential crisis points in the future, transatlantic leaders can set priorities, allocate resources, and determine what they are, and are not, willing to sacrifice. It is the ultimate test of any successful strategy. 'Europe: Whole and Free' can pass that test.

Within the American foreign policy debate, the need for an organisational strategy in Europe is clear. The operational details of such a strategy are less settled. As this debate unfolds, Europeans should watch for some notable changes in US foreign policy behaviour. These include

- **Frankness** The exuberant idealism of the Russian Reset is in the past. In the future, look for US officials to openly single out Russia as a revisionist power in both their public and closed-door statements. While a Republican president is likely to stress the need for greater deterrence against Russia, a Democratic administration could balance this with recognition of Moscow's counterterrorism

efforts, assistance on the International Space Station and so on. In either event, rhetoric on Russia is likely to become firmer.

- **A replacement for the ‘Pivot’** The Obama administration’s ‘Pivot’ to Asia is increasingly out of sync with the dangerous flare ups across the Pacific, the Middle East and Eastern Europe. Under the next president, defence budgets will remain tight, yet rising security pressures will require the next commander-in-chief to maintain a persistent military presence in all three regions. This means that a unilateral pivot to Asia will not proceed as the Obama White House first envisaged. The size of the US’s remaining overseas presence will therefore depend on the winner of the 2016 presidential election, since some candidates will be more willing to maintain a large overseas footprint than others. Even so, an outright US withdrawal from is Europe unlikely.
- **A focus on new dangers** Since the invasion of Crimea, the US policy community has directed its attention to the threat of limited, ‘hybrid’ warfare. While formally recognising this danger, the Obama administration has stressed that US competitors do not seek a ‘direct military conflict with the United States or our allies’ (US Department of Defense 2015). When it comes to Iran, Russia and (to a varying extent) China, Republicans are far less sanguine. The same is true for a few hawkish Democrats. The next president will either invest in robust deterrents to hybrid war, or minimise these investments in favour of competing, domestic priorities.
- **Paying for reassurance** Deploying US forces in Europe is expensive. In 2015, the US’s much-needed troop rotations to front-line allies cost \$985 million. Next year, the Pentagon has asked to spend an additional \$789 million on European reassurance. Importantly, this money does not come from the defence budget. It originates from a special war fund, known in Pentagon parlance as ‘Overseas Contingency Operations’ (US Office of the Under Secretary of Defense 2015; US European Command 2015). By design the Overseas Contingency Operations fund is not permanent. Paying for reassurance with a temporary fund communicates to its allies that the US believes that the Russian threat is equally transitory. Eventually, the next president could be forced to make a choice: cancel European reassurance or enshrine it in the permanent defence budget. This will require the expenditure of political capital in Congress. Once again, this is why the selection of the next president will matter greatly for the future of transatlantic security.

## Conclusion

Europeans do not get a vote in the 2016 election, but they will have a say in what comes afterwards. Regardless of who wins the White House, the next US president will need Europe—as much as Europeans will need the US. Transatlantic economic links amplify this beneficial dependency, since countries that trade together tend to stay together when the chips are down. But trade is not enough. The re-articulation of a shared strategy will be equally essential for sustaining transatlantic interests. This is entirely possible to achieve—and necessary for managing heightened competition in the East. In the past, some of the greatest moments in US–European relations occurred during times of crisis. Looking over the horizon, the potential for future crisis is great. This is

an excellent time for the current generation of US and European leaders to match the legacy of their forbears.

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## ARTICLE

# The American energy revolution: challenging Europe and the Middle East

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**Abstract** The American energy revolution is depressing oil prices and disrupting global energy flows. The surge in shale gas and tight oil production will most probably help American energy imports and exports to come into balance within the next decade. The energy revolution has increased American self-reliance and strengthened US energy security, while record-low energy prices have boosted its competitive edge, especially over Europe. Moreover, diminishing oil imports are providing fertile ground for a revolution in the US's Middle Eastern policy, leading to a more independent and less engaging American role in the region. While the resulting security vacuum is hurting Europe, the increasingly shared regional interests may lead to enhanced cooperation between the US, the EU and China.

**Keywords** US energy independence | Shale gas | Tight oil | Middle East | Energy markets | EU

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## Introduction

The American energy revolution has radically transformed the US energy landscape in less than a decade. Surging energy production is increasing US energy self-sufficiency, the holy grail of American energy policy for over 40 years. The US economy appears to be the biggest winner in the new energy reality. The surge in US competitiveness presents an almost insurmountable challenge for important parts of European industry. Yet, is the US, in the wake of diminishing reliance on foreign oil, redefining its role in the oil-rich and conflict-ridden Middle East, causing a US foreign policy revolution in the region? And is Europe on the winning or losing side of this new Middle Eastern reality?

In this article I describe the American energy revolution and argue that, despite growing energy self-sufficiency, the US will remain deeply integrated in the global energy markets. The American energy bonanza will thus continue to have a significant, though not revolutionary effect on the global energy landscape. I also argue that, despite the official US rhetoric, the American energy revolution is causing a somewhat revolutionary shift in the US's Middle Eastern policy. The US's diminishing energy imports seem to be contributing to a less engaging role for the country in the region. The lack of determined American leadership to end the conflicts in Syria and Iraq is also resulting in the European refugee crisis. Without decisive action, the EU is likely to stay on the losing side of the American energy revolution on the Middle Eastern and economic front, at least compared to the US.

## The second American revolution

The US Energy Information Administration (US EIA) predicts that the US could be energy self-sufficient by the end of the next decade (US EIA 2015a),<sup>1</sup> more than half a century after President Nixon presented his vision of the country's energy independence in November 1973, amidst the devastating Arab oil embargo.<sup>2</sup> Paradoxically, the vision held by the architect of the rapprochement with China and détente between the US and the Soviet Union will only become reality long after the Soviet Union's collapse and China's rise to global prominence.

Although every successive US president has repeated Nixon's call for energy independence, the solution has not come from the White House and has had little to do with government planners. The American energy revolution started at Barnett Shale, Texas, as the result of a technical innovation driven by the entrepreneurial ingenuity of George Mitchell and Larry Nichols (Yergin 2012). The combination of advanced hydraulic fracturing, also known as fracking, and horizontal drilling unlocked previously inaccessible

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<sup>1</sup> The EIA's reference case predicts the balancing of US energy imports and exports in 2028 (US EIA 2015a).

<sup>2</sup> The biggest energy crisis of modern times was caused by the oil embargo imposed upon Israel's allies during the Yom Kippur War.

natural gas trapped within shale formations, and triggered the shale gas revolution. Making shale gas production commercially viable, this technological breakthrough soon affected tight oil as well, paving the way for its expansion. Since then, these techniques have evolved substantially, decreasing the environmental impact of fracking and improving cost efficiency. As a result, the US witnessed an almost sevenfold increase in shale gas production between 2007 and 2014 (US EIA 2014c). In 2013, shale gas already formed the largest share of US natural gas production (US EIA 2014b). A year later, the US produced over 728 billion cubic metres of natural gas (BP plc 2015a), surpassing Gazprom's total production by more than 60 % (Gazprom 2015).<sup>3</sup> Tight oil production, on the other hand, has helped to reverse the trend of declining oil production which had plagued the US from 1985 to 2008 (US EIA 2015c). In 2014, US oil production reached 11.6 million barrels per day (BP plc 2015a), an all-time high. In the same year, the US became the world's biggest oil and natural gas producer, and it is expected to stay ahead of Russia and Saudi Arabia until at least 2035 (BP plc 2015b). The surge in North American energy production is also a consequence of Canada's energy revolution, which is being driven by expanding oil production from oil sands, another unconventional resource.<sup>4</sup> As a result, Canada is likely to remain the largest supplier of petroleum products to the US, well ahead of Saudi Arabia. Although the recent period of low oil prices has presented the young tight oil industry with the greatest challenge so far, the industry's core appears resilient. The shale gas industry, too, is showing an unparalleled ability to absorb shocks, with US gas production also increasing in 2015 (International Energy Agency 2015). The energy revolution is therefore real and here to stay.

## Squeezing the shale, oiling the market

US shale gas and tight oil developments have caused seismic shifts in both the domestic and global energy landscapes. At home, the implications of the shale boom have been revolutionary. The surge in energy production, in combination with only modest growth in energy consumption, has significantly reduced American reliance on energy imports. The US EIA predicts that the US will become a net natural gas exporter by 2017, while net imports of crude oil and petroleum products will fall to 17 % of the total supply by 2040 (US EIA 2015a).

The gradual balancing of energy imports and exports is considerably improving the American security of supply. However, since oil is priced internationally, the US remains exposed to oil price fluctuations despite falling net oil imports. The US also continues to be deeply integrated in the global energy markets because of its increasing energy

<sup>3</sup> In 2014, Gazprom's natural gas production reached 443.9 billion cubic metres, accounting for 69 % of total Russian production (Gazprom 2015).

<sup>4</sup> Oil sands are a mixture of sand, water, clay and bitumen. Bitumen is oil that is too heavy or thick to flow or be pumped without being diluted or heated.



exports. In spite of exploding oil production, the US is unlikely to become a price-taker in an expanding international oil market.

The implications of the US energy revolution for the global energy landscape are significant, though not revolutionary. Less than a decade ago, the US was expected to become one of the world's largest importers of liquefied natural gas (LNG) due to its declining natural gas production. Today, however, the US is on the way to becoming a major LNG exporter. As a result, Qatari and other LNG cargoes are finding their way to Europe and Asia instead.

More importantly, the diminishing US thirst for imported oil is putting considerable downward pressure on global oil prices. Expanding North American oil production has contributed to excess supply, triggering the plunge in oil prices in mid-2014. It is expected, however, that China will continue to drive global oil demand, thus offsetting the effects of falling US oil imports.

## Winners and losers

The US economy has felt the most immediate and profound consequences of the American energy revolution. Record-low energy prices have boosted US competitiveness and hence substantially contributed to the economic recovery. The expansion of the natural gas supply alone slashed US natural gas prices by more than half from 2007 to 2013, generating an annual surplus of \$48 billion for US consumers and producers (Hausman and Kellogg 2015). Besides the millions of jobs created by the booming energy industry, many more have been added in the manufacturing, chemical and other energy-intensive industries (IHS 2013). Falling energy prices have helped the US to emerge as the developed world's lowest-cost major manufacturing location (Boston Consulting Group 2014).

Diminishing energy imports have also contributed to lower US trade deficits, with the 2014 petroleum deficit hitting the lowest point since 2004 (US Census Bureau 2015). Moreover, US energy has become cleaner due to the massive switch from coal to cheaper and cleaner natural gas in electricity generation.<sup>5</sup> As a result, natural gas overtook coal in US electricity generation for the first time in history in April 2015 (US EIA 2015b). The advent of shale gas has therefore made the US economy significantly more competitive, resilient and, arguably, cleaner.<sup>6</sup>

Due to its impact on global oil prices, the North American energy revolution is expected to continue to benefit oil-importing countries as well as the global economy at large. The persistently low oil prices are resulting in an enormous transfer of income

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<sup>5</sup> Natural gas produces around half as much carbon dioxide as coal in energy generation.

<sup>6</sup> Although the reductions in US emissions from 2009 to 2013 were relatively small, half of them were related to changes in the energy sector's fuel mix favouring natural gas (Feng et al. 2015).

from oil producers to oil consumers, which is predicted to boost global GDP by 0.5 % in 2015 and 2016 (Husain et al. 2015).

As a net energy-importing region and US competitor, Europe is feeling both the positive and negative effects of the North American energy surge. The EU is already benefiting from the decline in Asian natural gas prices, triggered by the 2014 oil slump, as it has made Europe increasingly attractive for LNG exporters. As a result, the EU's natural gas supplies are expected to continue to diversify, with net LNG imports predicted to almost triple by 2035 (BP plc 2015b). Increasingly competitive LNG imports are likely to mount additional pressure on Russian natural gas prices, which have already suffered due to stagnant oil prices. This is good news, especially for Eastern Europe, which relies on costly Russian imports for the majority of its natural gas supply. However, without further integration of the EU energy market, including greater investment in the interconnection infrastructure, the EU will be unable to take full advantage of the new energy reality.

The American energy revolution, on the other hand, continues to have a profoundly negative effect on European competitiveness, which has suffered substantially from the high price of energy compared to that in the US. In 2014, EU industrial gas prices were two to three times higher than comparable US prices (UK Department for Energy & Climate Change 2015a), while prices for industrial electricity were around twice as high (UK Department for Energy & Climate Change 2015b). The decreasing European competitiveness is encumbering an already fragile economic recovery, as Europe's energy-intensive industries continue to move to the US and elsewhere. Imploding indigenous natural gas reserves, in combination with an unwillingness to exploit shale gas, are making the EU increasingly reliant on pricey natural gas imports. Stringent European environmental regulations, too, are adding to the widening gap in energy prices, which is expected to persist.

However, the biggest losers with regard to the North American energy revolution and lower oil prices in general are the major oil-exporting countries, including Russia, Saudi Arabia, Venezuela, Nigeria and Iran. Since these countries rely heavily on revenues from oil exports, most of them are already experiencing severe fiscal crises. The recent situation with Iran shows that new energy dynamics are likely to give the West greater leverage over oil-exporters facing financial difficulties. Russia, however, has so far been unwilling to compromise over Ukraine or Syria, despite a collapsing economy resulting from the plunge in energy prices and Western sanctions. Thanks to its vast reserve funds, Russia will be able to weather the storm of low oil prices for a while. But faced with a fiscal break-even oil price of \$110 per barrel (Société Générale 2015) and the prospect of stagnating oil prices, Russia is unlikely to continue with economic and political isolation for much longer.

## Shifting sands in the Middle East

Energy, regarded as a strategic liability for the US since the 1970s, is becoming the country's strategic advantage. With the opportunity to pursue foreign policy free from the past constraints associated with existential oil dependence, the US is set to gain greater independence and leverage in world affairs (Blackwill and O'Sullivan 2014). Nowhere have these constraints been more apparent than in the Middle East, the epicentre of the world's oil production. No country has benefited more from American oil-driven realpolitik than Saudi Arabia, the world's swing producer and powerhouse of the Organization of Petroleum Exporting Countries (OPEC).

Despite the American energy revolution, the Middle East is expected to remain the main driver of world oil production for the foreseeable future. Any major supply disruptions will therefore continue to have a significant effect on oil prices. Diminishing oil imports from the region will reduce American exposure to supply shocks, but the US will remain vulnerable to price shocks, like the rest of the global economy.

Saudi Arabia has been central to US energy interests ever since an American company, the predecessor of Saudi Aramco, struck oil in the Saudi desert in 1938.<sup>7</sup> In the past few years, however, the alliance between the US and Saudi Arabia has undergone a profound change, becoming increasingly fractured and unequal. Thanks to the American energy revolution, US reliance on Saudi oil is swiftly diminishing, with petroleum imports down by a third from 2003 to 2014 (US EIA 2015e).<sup>8</sup> As the world's largest arms importer, Saudi Arabia, on the other hand, remains heavily dependent on the US for military equipment.<sup>9</sup> Although its influence in the region and the world remains significant, the Kingdom no longer seems to have the power to constrain US policymaking, especially towards Iran.

The Iran nuclear deal, reached in 2015 despite ardent opposition from key American regional allies, serves as compelling evidence that the sands are indeed shifting in the US's Middle Eastern policy. The American energy revolution seems to have played an important role in closing the deal in multiple ways. Besides allowing the US greater freedom to pursue the deal, the North American oil surge probably helped the US to convince the international community to impose the comprehensive sanctions on Iran in 2012 in the first place. These sanctions, together with the 2014 oil slump, proved crucial for the success of the negotiations.

As Iran unleashes oil production following the lifting of sanctions, the flood of cheap oil is likely to continue. The gradual return of Iran to the world stage is expected to

<sup>7</sup> The company was eventually transformed into the Saudi Arabian national energy company, which holds the world's largest oil reserves.

<sup>8</sup> US petroleum imports from Saudi Arabia stood at 1.17 million barrels per day in 2014, representing 13 % of total US petroleum imports (US EIA 2015d).

<sup>9</sup> Saudi Arabia surpassed India as the world's largest arms importer in 2014, spending over \$6.4 billion (IHS Jane's 360 2015).

strengthen the Islamic Republic's economic and political role in the region. Iran's rise will most probably accelerate the regional arms race and increase regional tensions, especially between Iran on the one hand, and Saudi Arabia and Israel, the foremost American ally in the region, on the other. Preventing an open confrontation between these regional superpowers will, however, require the delicate balancing of interests and strong US engagement.

However, although stakes in the region have rarely been higher, the prospect of determined US engagement looks more uncertain than ever. The reasons for President Obama's unwillingness to pursue a more assertive role in the Middle East may well go beyond American war fatigue and the recent economic crisis. The declining strategic importance of the region to the US appears to be a worrying geopolitical reality, which has likely influenced the deliberations behind the US's 'Pivot to Asia'. The untimely withdrawal of US troops from Iraq and unwillingness to commit ground troops to bring an end to the so-called Islamic State and the Syrian conflict may be alarming signs of a partial US disengagement from the region. Since the North American oil surge has successfully compensated for the supply disruptions caused by Iranian sanctions and regional conflicts (US EIA 2014a), it seems that the cost of limited engagement in the Middle East has never been lower for the US.<sup>10</sup>

For the EU, on the other hand, the price of passivity, both from the US and itself, has never been higher. Millions of migrants and refugees, created by the ongoing regional conflicts, are finding their way to Europe, posing unprecedented challenges for European societies and institutions. In addition, thousands of Europeans are joining Islamic State, raising security concerns across the EU. Without a determined initiative aimed at addressing the root causes of the ongoing exodus, the havoc in the region is likely to continue and so is the endless flow of migrants and refugees to Europe.

Growing reliance on Middle Eastern oil may, however, eventually lead to greater Chinese involvement in regional affairs. Faced with the prospect of slowing growth and growing energy imports, China is particularly vulnerable in the event of oil market disruptions caused by regional instability. Until today, China has largely been a security policy free rider, benefiting from wide-ranging US security arrangements in the region, due to a lack of both capabilities and political will. But as China is likely to surpass the US as the biggest buyer of Saudi oil as early as next year, the stakes will soon become too high for China to continue relying on others.

Shared American, European and Chinese interests in the security and stability of the region therefore represent a unique opportunity for an enhanced partnership between the world's leading powers. Such a partnership would aim to prevent conflicts in this volatile region and safeguard the region's waterways, especially the Strait of Hormuz.<sup>11</sup>

<sup>10</sup> Unplanned regional oil production outages averaged 2.7 million barrels per day over 2013 and 2014 (US EIA 2014a).

<sup>11</sup> The Strait of Hormuz, the world's most important oil transit choke-point, is a narrow waterway connecting the Persian Gulf with the Gulf of Oman and the Arabian Sea, guarded primarily by the US Fifth Fleet.

Similar cooperation has already proven successful in negotiating the Iran nuclear deal and countering piracy in the Gulf of Aden.

## Conclusion

The implications of the American energy revolution are manifold and far-reaching. While the US is a clear winner in the new energy reality, the EU appears to be on the losing side, both economically and geopolitically. The advent of shale gas and tight oil has strengthened the security of the American energy supply, while greatly improving the competitiveness of the economy. The gap in energy costs between the US and the EU has rarely been wider, squeezing European manufacturers and energy-intensive industries. The American energy revolution should compel European policymakers to implement urgent measures aimed at curbing energy costs and reducing dependency on imported energy. While efforts to create the European Energy Union must be accelerated, actions encouraging environmentally responsible shale gas exploitation should be considered as well.

The US's increasing energy self-sufficiency, based on balanced energy imports and exports, is unlikely to isolate the US from the global energy markets. As a major producer, consumer, exporter and importer of energy, the US is likely to remain deeply integrated in the global energy market and exposed to oil price fluctuations. The production of vast volumes of oil in North America is expected to continue to have a significant effect on global energy markets, disrupting global energy flows and depressing energy prices. The biggest losers of the new energy reality remain the major oil exporters, especially those heavily dependent on oil revenues.

On the geopolitical front, there are many signs that the American energy revolution is giving rise to a US foreign policy revolution in the Middle East. Although energy is not the only driver of US foreign policy with regard to the region, it has arguably been the most important one, with the possible exception of Israel. The diminishing American reliance on Middle Eastern oil seems to have loosened the alliance with Saudi Arabia, allowing the US to conduct a more autonomous and less engaged foreign policy in the region. The new energy reality has given the US an opportunity to strike a nuclear deal with Iran, as well as to avoid on-the-ground engagement in the war zones of Iraq and Syria. The EU is, on the other hand, paying a heavy price for the security vacuum in the region in the form of the European refugee crisis. With the EU unable and the US unwilling to address the root causes of the crisis, the EU seems to be, besides the region itself, the key loser of the US's policy shift.

On the other hand, the growing Chinese dependence on Middle Eastern oil and increasing EU exposure to regional conflicts are creating the conditions for enhanced regional cooperation between the US, the EU and China, rather than a confrontation between them. For the foreseeable future, however, determined US leadership will remain essential for ensuring stability in the Middle East. Much will therefore depend on

the new US administration and the ability of the EU to prepare itself for increased commitment in the region.

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## ARTICLE

# A changed reality: the role of the EU and the US in the transformation of Ukraine and Russia

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Andrius Kubilius

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**Abstract** The historical causes of Russia's conflict with Europe have not been settled and continue to threaten the stability of the Old Continent. As the last empire of Europe, Russia is undergoing a painful transformation and disintegration, leading to aggressive foreign policy measures. Previous Western attempts to democratise Russia have proven fruitless. Bearing this unsuccessful experience in mind, it seems that the most plausible option to ensure Russia's further development as a European democracy is to make Ukraine an economic, political and social success story—a role model for Russian society that will work as a catalyst for bottom-up democratic changes in the country. In order to help Russia transform in the long run, the West must first concentrate on helping Ukraine by providing the country with real military guarantees, sufficient economic support for the implementation of structural reforms and an adequate level of geopolitical engagement, including the prospect of EU membership.

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**Keywords** Ukraine | Russia | EU | US | Reforms | EU membership prospect

## Introduction

Europe has gone through paramount difficulties and tragedies throughout the twentieth century, dealing with two world wars, the Holocaust, the existence of gulags and tens of millions of deaths. After the end of the Cold War, Europe stepped into the twenty-first century with faith in its guarantees of peaceful prospects. Unfortunately, recent years have demonstrated that these guarantees are not as reliable as previously thought.

Russian President Vladimir Putin has engaged in another aggressive foreign policy adventure, this time in Ukraine. This has brought back the nightmares of the twentieth century, prompting experts to discuss the possibility of a Third World War (Lucas 2015) and to portray the prospect of a nuclear conflict as entirely likely (Fisher 2015). Intimidating as it may sound, this is the reality of the situation. The Western community cannot escape it by burying its head in the sand and shying away from openly responding to the pressing geopolitical questions at hand.

In this article I will briefly discuss the origins of the 'Russian problem' and its effects on the state's foreign policy, describe the phase of development that Russia is currently undergoing, and provide the readers with guidelines on the actions that the Western community should take in order to help both Ukraine and Russia move forward successfully on the European path.

## A fundamental challenge for the US and the EU: the unresolved 'Russian problem'

The nightmares of the twentieth century were determined by two major factors. The first was comprised of two 'tectonic' conflicts: between Germany on one side and the rest of Europe on the other, and between an imperial Russia (the Soviet Union) and Europe. The second factor was the enduring isolationist politics of the US, leading to its unwillingness to assume leadership, both in consolidating European efforts and in stabilising Europe while securing freedom and democracy.

After the Second World War, the US significantly altered its foreign policy course from isolationism to 'forced engagement' in world affairs in the face of the rising Communist threat. Together with other European leaders, the US managed to eliminate the principal causes of the 'German conflict' by establishing what later came to be known as the European Union and by implementing the Marshall Plan, thereby laying the foundations for a stable, peaceful, democratic and thriving Europe.

However the reasons for Russia's conflict with Europe have not been removed to this day and it is these that are determining Russia's current behaviour and the ensuing

threat it poses to the whole of Europe and the rest of the world. The main reason for this situation is the fact that Russia still cannot be regarded as a democratic European country. On the contrary, Russia may fairly be called the last empire of the Old Continent, and it is undergoing a painful process of disintegration and internal transformation.

Russian history demonstrates that it has always been a typical feature of Russia to repeat, with considerable delay, what has previously—several decades or even centuries before—happened elsewhere in Europe. The only difference is that in Russia's case, it usually happens on a far more radical level. In this case, the British and French Empires were the last in Western Europe to collapse after the Second World War, while the Russian Empire did not start crumbling until as late as 1990—in a process that has still not finished.

## What is currently happening?

Painting in broad strokes, I will try to provide a picture of what is currently happening on the eastern fringes of Europe. Then I will concentrate on what actions need to be taken on both sides of the Atlantic to mitigate this alarming situation.

First of all, what we are witnessing today is a continuation of the collapse of the Russian Empire, which began in 1990. The disintegration process took a new turn on the Maidan, and now Putin is doing what he can to stop the accelerated dismantlement of the remaining empire. He may be able to delay this inevitable historical process, spilling a lot of blood in the process, but it will continue to evolve regardless of his actions.

Second, my personal prediction is that Putin will stay in power as long as his physical condition allows him to. In the current circumstances, this could be the next 20 years. This means that Russian policies will continue on the same path and that the economic and social conditions in the country will deteriorate further. And this, in turn, means that Putin will inevitably look for new opportunities to demonstrate aggressive behaviour in order to maintain his domestic popularity.

Third, so far all Western attempts to stimulate democratic development in Russia from the outside have been unsuccessful and are bound to remain so during Putin's reign. The clearest example of this is probably the politically motivated murder of the well-known opposition figure Boris Nemtsov in February 2015, which symbolises the regime's increasing hold over the remaining democratic opposition.

Neither Germany's Eastern Policy, nor Washington's 'reset', engagement or appeasement policies; strategic partnership; or partnership for modernisation have brought about visible, positive changes in Russia. Continuing the same policies while Putin is still in power would be naïvely irresponsible. What is more, it would be criminally negligent to agree to Russia's demands to allow it to have zones of strategic interest with special rights to handle everything within them in the way it sees fit (Buckley and Hille 2015).

Fourth, bearing in mind all the previously unsuccessful attempts to effect change in Russia, the action most likely to positively influence developments there is the positive and successful development of Ukraine, along with opening up the possibility of the country integrating into the EU. In other words, the Western community's assistance in bringing about positive economic, political and social changes in Ukraine will also encourage similar developments in Russia in the longer term.

Fifth, this is exactly why Putin is pursuing a long-term strategy of preventing Ukraine from reform, because a successful Ukraine poses the biggest threat to Putin's kleptocratic regime (Dawisha 2014). This strategy implies that the aggression in Eastern Ukraine is more about creating chaos and an economic and political crisis, and stimulating public dissatisfaction than about physically occupying new territories—Putin's primary goal is to create another 'frozen conflict' that would severely hinder Ukraine's ambitions, such as joining the EU.

Finally, the Western community must have its own long-term strategy to prevent Putin from successfully implementing his plans in Ukraine. That is why assisting Ukraine is of crucial importance for the whole Western world rather than just for Ukraine, as this is the best way in which, in the longer perspective, to stabilise Russia. And Russia will only become stable when it is transformed into a European country—in terms of its actions and principles, not just in terms of geography. Thus the war in Ukraine is to be fought not only for the freedom of that country, but also for the sake of this kind of future in Russia and for the sake of ending the last 'tectonic' conflict between Russia and Europe.

## Misinterpretations of Russia

The Western community has apparently forgotten the key lesson of the tragedies of the twentieth century: that aggressive rogue states are most provoked by a weak response to actions that breach international norms and agreements, rather than the opposite.

As the West watches Russia's aggression unfold in Ukraine, it is still having doubts about whether its response should be strong and unambiguous. Some of the larger EU capitals are afraid that a strong response might provoke even harsher Russian aggression. This is a misguided approach. A weak Western response, that allows Russia to draw red lines around its areas of interest as it pleases, is exactly what most encourages and continues to provoke Russia's aggressive behaviour.

Politicians in some Western capitals also do not seem to understand the geopolitical importance of what is being dealt with in Ukraine. Both the US administration and the majority of European leaders still believe that it is only Ukraine's fate that is being decided. What many do not realise is that it is also Russia's future and path of further development that are being decided in Ukraine. The Western response is still reactive, responding to Russia's actions, rather than proactive, dictating the region's agenda.

## What should we do?

At the moment, we need to show Putin that his military strategy to create chaos in Ukraine is no longer going to succeed. We immediately need to start using a much more precise political language when we are referring to the aggression in Ukraine. We should stop calling it ‘the crisis in Ukraine’ or ‘the Ukrainian crisis’. Rather, we should call it precisely what it is: ‘Putin’s war’. We now are into the second decade of Putin’s wars: first there was the war in Chechnya, then in Georgia and now in Ukraine.

If we start using such precise language, we will immediately face up to the reality, which is that Ukraine is defending itself against the entire military might of Russia. When Putin is facing a much weaker opponent, as Ukraine is today, he moves forward without hesitation. That is why we need to realise that the responsibility to stop Putin’s aggression lies on the shoulders of the Western community.

### ‘Gangster wars’

On this note, I would like to share some of my personal experience. In 2010, when I was serving as the prime minister of Lithuania, I had the chance to have an unofficial meeting with Putin, then prime minister of Russia. After the meeting I was left with the impression that Putin was the type of person I was used to encountering in my younger days. In Vilnius, where I grew up, we had a district around Red Army Avenue where young Russian-speaking gangsters loved to demonstrate that they were stronger than anybody else. Putin reminded me completely of those local young gangsters.

As youngsters, what we learned from our experience in Vilnius was quite clear: you could not negotiate with the guys from the local gangs. If you tried to negotiate with them, they would immediately perceive this as a sign of weakness, and they would make a move. The only effective tactics were to beat them back, call the local police or run away.

What Putin is doing in Ukraine is not special or new. When we give it a complicated name—‘hybrid warfare’—we are moving away from reality. And the reality is that Putin is fighting a ‘gangster war’ in which one will either need to fight back or call the police, or one will be beaten up, robbed or even murdered. What one cannot do is show weakness—by employing statements such as ‘there is no military solution’, or by trying to negotiate while being much weaker than the enemy. If Putin believes that Ukraine will not be assisted by the US administration providing the needed weapons or threatening stronger sanctions, then it will only be a matter of time before Putin moves on Mariupol, Kharkiv or Odesa.

That is why it is so important to demonstrate to Putin that he is no longer the stronger party in Ukraine. This is the responsibility of the whole Western community, not just President Poroshenko. Let us not run away from our responsibility to stop this ‘gangster

war'. We have to make a simple choice, without removing the possibility of implementing a SWIFT banking ban on Russia or providing Javelin anti-tank missiles to Ukrainian military forces, and make it clear to Putin without waiting for his next move.

## Saving Ukraine

As noted above, Putin has a long-term strategy to prevent Ukraine from reforming, developing a prosperous economy and integrating into the EU, because Ukraine's success in these areas would set a positive example for the Russian nation and would be very dangerous for the survival of the Kremlin's regime. That is why it is so important to assist Ukraine, not only in defence matters but also in the implementation of the necessary reforms and the stabilisation of the economic situation.

Over the last several months, I have frequently visited Ukraine to advise the government on their reform agenda, based on my experience in Lithuania. From a political perspective, Ukraine is at the same point as the Baltic states were at the beginning of the 1990s. One could even joke that the real European-style reforms in our region only begin when the monuments of Lenin have been removed throughout the country, as happened in the Baltics in the early 1990s and as has started to happen in Ukraine since the events on the Maidan.

Ukraine is looking like a real post-revolutionary country, with a lot of young and well-educated professionals in the government and plenty of romantic idealism, but with a large deficit in political experience that is hindering political coordination between the different institutions and stakeholders.

## Reforming Ukraine

Judging from my experience of reforms in Lithuania, I believe that suitable conditions exist in Ukraine for the effective implementation of an ambitious reform agenda. In order to push forward major structural change, two important factors need to be brought into play: there needs to be a good team of reformers (already present in the current government), and there needs to be a good level of crisis (of which there is too much).

The Ukrainians have already started pushing through major reforms. The government is currently abolishing the huge energy subsidies, which stood at a total of around 10 % of GDP when reforms in the sector started (Aslund 2014), and is also starting to implement crucial reforms in the management of state-owned enterprises. Both of these reforms will diminish the room for oligarchic corruption. In addition, police reforms are also taking place (in July, at least in Kyiv, modern police forces started operating on the streets), and an anti-corruption bureau and an office of the business ombudsman have been created in order to fight corruption in a more efficient way and increase the level of public trust in the state authorities and institutions.

Thus the government in Ukraine is not only fighting Putin's war but is also implementing major structural reforms, which will form the foundations needed to transform Ukraine into a European-style democracy with an open economy.

However, there are a lot of problems concerning the implementation of these essential reforms. There is an evident lack of political experience, a shortage of skills in strategic political communication, a deficit of traditions of effective cooperation between the government and the parliament, and a scarcity of clear party structures inside the coalition. These factors are creating a lot of political chaos, which could very easily cause real political instability for the ruling coalition.

## EU membership prospects

The Western community must assist Ukraine in implementing the ambitious reforms that it has decided to undertake. In the middle of the 1990s, when the Baltic states were undergoing similar reforms, our countries received effective assistance from the West, not only in the form of expert advice but, most importantly, in the form of a clear political promise of future membership of the EU and NATO if we implemented all the necessary reforms to transform ourselves into a European democracy with an operating market economy. This promise kept us on track, despite all the political mistakes we made.

What is now needed is a very clear political statement from the EU's leadership, declaring that Ukraine also has such membership prospects. We are all aware that this is not an easy task to achieve. We unfortunately missed a good opportunity during the 2015 Eastern Partnership Summit in Riga, mainly because of a lack of Western unity and leadership, combined with the enduring futile efforts to appease Russia.

Alongside the prospects of EU membership, Ukraine needs its own 'Marshall Plan', a true financial assistance plan. In the EU we are spending hundreds of billions of euros on rescuing Greece, while, in comparison, Ukraine looks like it has been abandoned, despite the fact that it is the ultimate front line against Russia's revived revanchism, which is threatening the future and stability of the whole European project, not just Ukraine.

In order to avoid requesting more taxpayers' money for this financial assistance, the EU could reallocate funds from its 2014–20 financial framework. During this period, the EU has agreed to use a total of around 1 trillion euros for various purposes; Lithuania alone will receive around 10 billion euros of that amount (European Commission 2014). If the member states of the EU could agree to reallocate just 3 % of the total funds for a new Marshall Plan for Ukraine, we could create a financial instrument worth 30 billion euros. In this scenario, Lithuania would still receive around 9.7 billion euros (instead of 10 billion euros). This would probably not be a tragic development for the countries of the EU and at the same time would constitute a reasonable and timely investment in the geopolitical security of the whole of the EU.

Therefore, in my view, based on our experience in Lithuania, Ukraine can still become a successful country with a European democracy and an effective market economy. Ukrainians need to believe that they can achieve this goal. Likewise, we need to do our part and the Ukrainians want to see proof that we will deliver. So let us do what we need to do.

## Action plan

All in all, this is what the West needs to do in order to enhance the security of Ukraine and Europe as a whole:

- we need to show Putin that from a military point of view, he is no longer the stronger party in Ukraine;
- we need to use our expertise to assist Ukraine with the implementation of structural reforms;
- we need to offer a clear promise concerning Ukraine's future prospects for EU membership; and
- we need to create a special 'Marshall Plan' for Ukraine to ensure sufficient funding.

Evidently, this agenda is not a very large one: it contains only four general actions that the Western community must execute if it is to stay united in the face of the new threats of the twenty-first century.

## Conclusion

We have the opportunity not only to transform Ukraine into a European country, but also to create the conditions for the development of a European-style Russia and to offer a positive example for the other countries of Eastern Europe and the South Caucasus. The Europeanisation of Russia begins with success in Ukraine. Together we can deliver such a success. But this will require organic leadership from the US and the EU to assist Ukraine and, at the same time, to help Russia in the longer term, which should be regarded as the fundamental geopolitical challenge of the early twenty-first century. There is no better way to ensure that Russia becomes a European-style democracy in the long term than by assisting Ukraine today.

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## ARTICLE

# A really bad deal: the Iran nuclear deal and its implications

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Magnus Norell

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**Abstract** With the Joint Comprehensive Plan of Action Iran has been handed an important diplomatic victory. As a result, Iran can keep its nuclear infrastructure, something which the negotiators for the P5+1—the five permanent members of the UN Security Council (the US, the UK, France, Russia and China) plus Germany—said from the outset should be dismantled. It has also let Iran off the hook of having to come clean about its constant cheating over the years concerning its nuclear agenda. And in the short run, a far more important outcome of the deal is that Iran will be able to free up billions of dollars to continue its regional agenda of influencing and destabilising countries in the Middle East.

**Keywords** Iran | Nuclear deal | Regional hegemony | Instability | US

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*We must combat the plans of the arrogance [code-word for the West led by the US] with Jihad for the sake of Allah. . . . The clearest essence of jihad for the sake of God today is to identify the plots of arrogance in the Islamic region. . . . The planning for the struggle against them should include both defense and offense.*

Iran's Supreme Leader Ali Khamenei at a religious conference on 7 August, just over a month after the signing of the Joint Comprehensive Plan of Action (MacEoin [2015](#))

*They [the US and the Zionists] should know that the Islamic Revolution will continue enhancing its preparedness until it overthrows Israel and liberates Palestine.*

Brigadier General Mohsen Kazemayni, Iranian Revolutionary Guard Corps top commander in Tehran province, on 2 September (MacEoin [2015](#)).

## Introduction

In late July EU foreign policy chief Federica Mogherini went to Tehran. The visit was meant to show that the Islamic Republic was now on its way to mending fences with the EU and that a new, more peaceful chapter was to begin between Iran and its adversaries after the nuclear deal. The pictures from Mogherini's meeting with the Iranian Foreign Secretary show a beaming Zarif and a veiled Mogherini. It is a picture that makes it abundantly clear that the nuclear deal, now also signed by the US Congress, is an all-out win for the Iranian regime. Iran has got everything that it wanted, and then some. The image also depicts the complete capitulation of the EU. By pandering to the very conservative interpretation of Islam that the Iranian regime follows, Mogherini, knowingly or not, sent out a message—easily understood in the region—that the EU had succumbed to Iran without question. No wonder Zarif is beaming happily.

## Rewarding the culprit: strengthening Iran's regional role

This message that the EU was prepared to prostrate itself before the Iranians was, embarrassingly enough, reiterated by Mogherini some time later at the Munich Security Conference, when she said that the Joint Comprehensive Plan of Action (JCPOA) could help solve the Syrian crisis. If this view is common among the members of the EU, it reveals an astonishing lack of understanding of what perpetuates the Syrian war (it is not a mere crisis), now in its fifth year. Without Iranian help, the regime of President Assad would hardly still be holding out in Damascus and, with the help of Russia, Iran has managed to extend its influence in the region and is now poised to influence politics there even more, thanks to the JCPOA. Apart from sending direct economic aid to Assad, the Iranians have helped to set up the so-called National Defence Forces, which are locally based militias that operate outside the constraints of the regular army and are every bit as brutal as the Islamist groups.

Mogherini's message from Munich was swiftly taken up by Iran and Russia, who presented a peace plan in September (with a role for Assad) that gave Iran a firm grip on regional developments. To really show how little Russia cares for the US (and even less for the EU), in September President Putin loudly and proudly announced the sending of troops and military hardware (such as tanks, unmanned aerial vehicles and aircraft) to Assad, completely ignoring US protestations. With confirmation of the deal, the assumption in the regional Middle Eastern and North African capitals—from Morocco to Saudi Arabia—is that the US is on its way out and the Europeans are throwing in the towel as they simultaneously try to end the war in Syria and handle the hundreds of thousands of people pouring into Europe. The result being that in the immediate future, Iran will play an even larger role in the region.

This is even more surprising as, in the process leading up to the negotiations between the P5+1 and Iran, it had taken several years of sanctions to force Iran to the negotiating table in the first place. Prior to the negotiations, its allies, Hezbollah, the various Shi'ite militias and Assad, had all been suffering set-backs and the Iranian economy was in dire straits. A very common view (emphatically shared with the author in several conversations with policymakers and researchers in the region over the last two years) was that a firmer and more consistent policy with regard to the sanctions regime would have weakened Iran and forced the various Islamist actors to at least scale down their ambitions and give diplomacy, backed up with some serious military might, a new chance in Syria. Former US President Theodore Roosevelt's adage that successful diplomacy is possible if 'you talk softly and carry a very large stick' had a lot going for it in a region shaken by the upheavals of the Arab Spring.

Instead the opposite happened, as demonstrated by the resulting nuclear deal. Iran has been 'rescued' by the P5+1 negotiators and given a new lease of life, freeing up assets and resources that it is quite obviously intent on using, at least in part, to escalate its already destabilising role. This will mainly be done through regional allies and proxies such as Hezbollah, the Assad regime, and a number of Shi'ite militias in both Syria and Iraq. Most analysts agree that Iran's direct military presence in Syria is fairly modest. However, Iran plays a fundamental role because it is using the elite Quds Force (of the Islamic Revolutionary Guards Corps, IRGC) and hundreds of personnel to help the forces of the Syrian government with key aspects of the war.

The goals of the Iranian regime are also clear. In the words of Iranian Professor Hossein Mousavian (Petraeus and Jeffrey 2015), these goals are, first, to drive the Americans out of the region (a goal, if one asks traditional US allies in the region, that Iran is well on its way to achieving); second, to weaken Israel; and third, to establish Iranian hegemony in the Gulf area and beyond. With the war in Syria, the civil war in Iraq, and upheavals and political pandemonium from Libya to Yemen, Iran has played a skilful game and managed to outmanoeuvre both Washington and Brussels, weaken its adversaries in the Gulf Cooperation Council, and put US and Western allies on the back foot. In effect, Iran controls or at least influences policies in the capitals of Baghdad, Damascus and Beirut, having already created an arc of influence stretching from Iran itself all the way to the Mediterranean.

## A flawed arms-control measure

The JCPOA is, on the face of it, a tool to stop Iran from developing nuclear weapons. That it might do, for a time at least. But even the US administration has admitted that there are loopholes that need to be vigilantly guarded. Moreover, it does not stop Iran from enriching uranium as initially suggested. The still secret protocols about how Iran is to conduct inspections with the International Atomic Energy Agency and to what extent the snap-back sanctions could and may be invoked have also not been resolved at the time of writing, and we may never know what they are for sure. The military complex at Parchin is a case in point, as the International Atomic Energy Agency (which oversees nuclear developments worldwide) has agreed that only Iranians will need to inspect it. Apart from uranium enrichment (which the deal permits Iran to continue), the goal stated by the P5+1 to make Iran come clean on its earlier cheating and breach of a number of UN Security Council Resolutions concerning the nuclear issue was also given up. And the fact that Iran, after an initial period, will be free to develop and trade in ballistic missiles renders the guarantees intended to keep Iran in line rather remote and shallow. Iran's ambition to be, as former US ambassador to Turkey and Iraq James Jeffrey (Petraeus and Jeffrey 2015) has observed, 'a regional hegemon', is still very much one of Tehran's goals and, with the agreement of the JCPOA, this has become a lot easier. With the JCPOA virtually a done deal, the Iranian regime has managed to put the US and the EU in a corner, from which both Washington and Brussels will have to defend the agreement. And by being difficult and refusing to sign until a number of major concessions had been fulfilled, Iran was, more or less, holding the US and the EU hostage, knowing that both were reluctant to challenge Tehran out of fear that this could undermine the deal. Thus, Iran is free to pursue its policies in the region, having removed a major impediment (the economic sanctions) through the JCPOA.

If this Iranian expansion of influence is to be countered, there is really no substitute for the US providing the countervailing force. There is no questioning the US's capability, but there are serious questions about its political will and intentions, which was clearly visible in May when Washington invited the Gulf countries for a summit meeting. The idea was to reassure the US's allies that Washington would not let them down. However, not only did four of the six Gulf Cooperation Council heads of state stay away from the meeting, but the summit came to be more about military hardware than about reassurances that the US would not let Iran gain more power via the nuclear deal. These reassurances never materialised and, as the deal shows, Iran got away with the prize, with the P5+1 acquiescing on most Iranian demands.

Mogherini's statement about the JCPOA deal as a possible part of the solution to the Syria crisis, was echoed by US officials, who said that the deal could pave the way for better US–Iranian relations. But, as the quotes above show, along with subsequent statements from Khamenei (and others), these declarations are based more on wishful thinking than on hard evidence that Iran has changed its intransigent position towards the US (or the West for that matter). For example, on Ali Khamenei's website in early September statements were posted to the effect that the nuclear deal was a 'specific' deal and would not set the stage for 'talks in other areas' (Murphy 2015).

Other comments included, ‘The Iranian nation ousted the Satan’ and ‘We should not let it back through the window to penetrate’ (Murphy 2015). These are hardly evidence of a change of heart in Tehran and raise a number of questions as to how serious the Iranian regime really is about the touted détente as a consequence of the JCPOA.

## JCPOA: defending against a straw man?

In assessing whether the JCPOA really is an adequate safeguard against the Iranian pursuit of nuclear weapons, two major scenarios are usually discussed; either an overt ‘break-out’, whereby Iran throws out inspectors and openly begins to enrich uranium to weapons grade using the plants at Natanz and Fordow; or a covert break-out (a ‘sneak-out’), whereby Iran starts to build parallel nuclear infrastructures in secret to produce fissile material for a bomb. Both of these scenarios are, ostensibly, blocked by the JCPOA. But both scenarios also rest on the assumption that Iran would sacrifice its reconciliation and economic benefits for the dubious gratification of building a bomb. This is, however, very unlikely. If the regime in Tehran really wanted to build a bomb, or at least gain the capacity to build one, they would more likely go along with their obligations under the JCPOA to the degree necessary to avoid any costly consequences. Since the involvement of the UN Security Council is required to re-impose sanctions under the JCPOA, anything less than a really big breach (a capital crime, so to speak) would go unpunished. Small-scale cheating is, in essence, virtually unpunishable. But such small-scale cheating could easily lead to Iran gaining the capacity to build a bomb without having triggered any snap-back sanctions. This scenario is sometimes described as a ‘creep-out’, especially since Iran will be able to continue to produce weapons-grade uranium. As an arms-control agreement, the JCPOA is very flawed.

## Fear of the Sunnis: a neighbourhood bully on the loose

In terms of the region, and especially the Arab-speaking world, concerns have focused less on the arms-control and nuclear elements of the deal—the very parts that constituted the major focus for the P5+1—than on the fact that Iran, through the deal, will be able to keep pushing its regional hegemonic ambitions. Among Iran’s Sunni adversaries, this is the real negative fall-out from the JCPOA. And it is also what the Iranian regime has been aiming for all along. It has never been Iran’s intention to quickly build a bomb. The emphasis has always been on struggling out of the crippling economic sanctions and gaining political and economic advantages in the region. And by playing along with US and EU rhetoric about nuclear issues and pushing other, non-nuclear-related issues to the top of the agenda, Iran could easily outmanoeuvre the US and the EU, which have fallen for the ruse. Iran has got what it wanted all along—sanctions relief and political status in the region—by relenting on some nuclear issues which they never really intended to stick up for anyway. The big prize has always been the leeway to pursue its regional agenda, and Tehran has achieved this. What’s surprising is that it has managed to achieve all of this at such a small cost. With regard to the nuclear deal, as

stated above, Iran will be able to keep virtually all of its nuclear infrastructure (with the exception of the Arak core) and will still be able to produce enriched uranium.

But the really big Iranian victory lies in the fact that, as part of the deal, Iran got the P5+1 to agree to remove the IRGC and its Quds commander Major-General Qasem Soleimani from the list of those subject to sanctions by the West. Since very few individuals can compete with Soleimani when it comes to pursuing terrorism in the region (and, for that matter, in South America and Europe as well), this is an astonishing self-imposed defeat by the P5+1. The amount of money being freed up by the JCPOA deal is estimated to be at least US\$60 billion (Gerson 2015). This ties in nicely with Iranian ambitions in the region. There are at least five conflicts in the region in which Iran is heavily engaged and which will immediately be affected by an influx of money:

- In Lebanon, Iranian proxy Hezbollah is the leading political and military actor. Hezbollah depends totally on Iranian largesse to maintain its position. Courtesy of the US and the EU (who have both designated Hezbollah's military wing a terrorist entity), that position can be sustained.
- In Syria, Iranian support (to the tune of approximately US\$1 billion a month) for President Assad is essential to keeping him in Damascus and, as long as Assad remains, the war remains. With the creation of the brutal National Defence Forces (mentioned above) Iran ensures that vicious entities such as al-Qaeda and the Islamic State will continue to flourish.
- In Iraq, Shi'ite militias, organised in the *Hashd al-Shaabi*, play a key role in propping up the Abadi administration. These militias are trained and financed by Iran through Soleimani of the IRGC and his right-hand man in Iraq, Abu Mahdi al-Muhandis (also thought to be a member of the IRGC).
- In Yemen, the Iranians are providing the Houthi rebels with arms and money, keeping the bloody insurgency going.
- Finally, among the Palestinians, Iran runs and operates the Palestinian Islamic Jihad, an organisation at odds with the Palestinian Authority, as well as intent on fighting Israel until it is destroyed, a goal cherished by the regime in Tehran of course. At the same time, Iran is doing its utmost to rebuild relations with Hamas and its *Izzadin Kassam* military wing.

## Conclusion

All these efforts cost money, and until the negotiations got under way several of them had been stymied or at least severely limited. Now though, thanks to the lifting of sanctions, money is being freed up and Iranian influence strengthened and enhanced throughout the region. Unless one is cynical enough to believe that that was the P5+1's intention all the time, it must be chalked up as one of the most spectacular unintended consequences ever. That it is entirely self-inflicted adds to the surreal picture of how a deal touted as a way to stop Iran from building a nuclear bomb and that would push back against its regional destructive ambitions has managed to achieve the exact opposite. The bomb may take another decade, if Iran really wants it. But as stated above, that is

rather unlikely and Iran will probably happily settle for being given the tools to assemble the know-how instead, waiting for a more opportune moment to go all out for a bomb.

In the meantime, the regime in Tehran can readjust to the much more important achievement of having secured its position in the region, been freed from tough economic sanctions and been re-invited into the diplomatic salons, while being able to continue to extend its influence and power into the Middle East. As journalist Jonathan Speyer (2015) wrote in an op-ed on 18 July in the *Jerusalem Post*, 'The nuclear deal compounds and completes the picture. From the perspective of the Saudis and other Sunni Arabs, Iranian ruthlessness, clarity and advance combined with the flailing, retreating US regional policy now so much in evidence spell potential disaster'.

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## ARTICLE

# The Silk Road: a political marketing concept for world dominance

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**Abstract** One Belt, One Road—the Silk Road Economic Belt and the 21st Century Maritime Silk Road—was presented in autumn 2013 and has become the central foreign policy project of Chinese President Xi Jinping. It is a result of the ‘Chinese Dream’ and provides a China-led framework for economic and political cooperation that is based on a huge intercontinental infrastructural network. The New Silk Road would connect large parts of Asia, Europe and Africa. It is being propagated by China’s leadership and academic elite so as to have the greatest public relations impact possible. It is accompanied by new financing institutions and is being realised by political agreements on international infrastructural projects of strategic importance. The main global players—the US, Russia, India and the EU—have not yet found clear responses to China’s world power ambitions. Clashes of interests are foreseeable.

**Keywords** Silk Road | China | World dominance | Strategy | Geopolitics

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## Introduction

At a keynote speech at Nazarbayev University in Astana in September 2013, Chinese President Xi Jinping presented the idea of taking an innovative approach and building an ‘economic belt along the Silk Road’ (Y. Wang 2015, 50).

This was not the first time that the vision of a new Silk Road had been formulated. Two decades earlier, Chinese President Jiang Zemin had set forth the same idea. In 2011, US Foreign Secretary Hillary Clinton had proposed a ‘New Silk Road’ that would better connect Afghanistan with Central and South Asia. What was new about Xi Jinping’s proposal was its geopolitical dimension. As he announced at the October 2013 meeting of Asia–Pacific Economic Cooperation leaders, it would see Central China joined with Central Asia, West Asia, Eastern Europe and Western Europe (Y. Wang 2015). Moreover, it included the ‘21st Century Maritime Silk Road’, which would connect China with parts of South-East Asia, South Asia, East Africa and Europe. And so was born the strategic concept of the Silk Road Economic Belt: One Belt, One Road.

New, too, was the intensity of the public relations campaign that accompanied the concept launch—although most of the details were still undefined or underdeveloped. Even today different versions are being heatedly discussed, even among Chinese academics and institutions. In the meantime, institutions for financing the project have already been established and funded: the new Shanghai-based BRICS New Development Bank and the Asian Infrastructure Investment Bank. The latter was an immediate, though unexpected, success.

The New Silk Road project has obviously become the central foreign policy undertaking of the Xi Jinping period. The *South China Morning Post* even called it the ‘most significant and far-reaching project the nation has ever put forward’ (Cooley 2015, 1). A project of such a magnitude—launched with such fanfare by China’s new, strong leader—certainly deserves to be analysed critically, with regard to both the general principles involved and its specific features.

## The One Belt, One Road concept

China’s state-owned XinHua news agency has started publishing a series of articles called *New Silk Road: New Dreams* and has published a map of the route that has come to be called the ‘Xin Hua version’ (Xinhua Finance Agency 2015).

Figure 1 shows that the New Silk Road mainly follows the route of the historical Silk Road between Xian and the Mediterranean. However, it goes much farther and has to be understood as a belt of nations and regions stretching from China to the Baltic and the North Sea. Like its predecessor from the second century BC, it starts in the

**Fig. 1 One Belt, One Road**

Source: Xinhua Finance Agency (2015).

former Chinese capital of Xian (now the capital of Shaanxi province) in the economic and cultural centre of north-western China. From there it goes west via Urumqi and Khorgas in Xingjiang province and through Bishkek and Samarkand in Central Asia. Continuing through Turkmenistan to northern Iran and Turkey, it connects Tehran with Ankara and Istanbul, from where it proceeds north-east via Bulgaria, Romania, Moldova and Ukraine to Moscow. There it turns sharply to the west, going through Belarus and Poland to Germany (Duisburg) and the Netherlands (Rotterdam). It then runs via Antwerp (Belgium) and France through Switzerland to Venice.

The maritime Silk Road will begin in Quanzhou in Fujian province. Continuing on via the Chinese ports of Guangzhou, Beihai and Haikou (Hainan peninsula), it goes to Hanoi (Vietnam). It then passes through the South China Sea and, after crossing the Malacca Strait, comes to the Malaysian capital, Kuala Lumpur. From there it heads for Colombo (Sri Lanka) and then makes a northward loop to Kolkata and Bangladesh. It then crosses the Indian Ocean to Nairobi (Kenya), from where it goes north around the Horn of Africa and via the Suez Canal into the Mediterranean Sea. It stops in Athens before ending in Venice, where it meets the land-based Silk Road.

On its own, the 21st Century Maritime Silk Road would link the three 'old continents'. Together with the land-based Silk Road, its geo-economic and geopolitical impact would be extraordinary. When completed, the two routes would traverse an area that is home to 63 % of the world's population (4.4 billion people) and accounts for 29 % of world GDP (\$2.1 trillion) (Leverett et al. 2015).

## What does ‘One Belt, One Road’ mean?

The geographic location of the Silk Road’s starting points in north-western and southern China indicates that the concept was originally motivated by the need to develop China’s border regions. The decline in the country’s economic growth rate and its already existing industrial overcapacity obviously fuelled the need to rebalance the Chinese economy by opening neighbouring markets.

However, its very scale shows that the New Silk Road initiative is also a geopolitical initiative to establish a new, China-led framework for economic and political cooperation. It would be based on a large-scale infrastructural network and develop into a belt of free trade areas.

The two Silk Roads form a network of railways, highways, airways, seaways, oil and gas pipelines, power grids, Internet networks, transmission lines and communication networks. It is expected that along this connectivity infrastructure, industrial clusters and services networks will be developed. They will form an integrated economic belt, stretching from the Pacific to the Indian and Atlantic Oceans and establishing a more or less direct link between the two major global economic units, China and the EU. The construction of the intercontinental infrastructure would be the basis for the creation of further regional integration and a free trade belt to foster the free flow of goods, capital and labour, which in the long run would give rise to a huge Eurasian market. The vision of an intercontinental free trade association will certainly have enormous consequences for the global economic landscape, forming the foundation for a new political and economic order (under Chinese leadership).

The New Silk Road has to be taken as the central political concept put forward by Xi Jinping, who is regarded as probably the strongest political figure since Deng Xiaoping. It is the expression of a new, highly self-assured foreign and security policy that is oriented towards obtaining global hegemony.

The biggest obstacles will be the huge differences between the economic, political, cultural, social and legal systems found in the Eurasian and African regions and the countries between them. The need to create harmonised and secure conditions will be a great challenge.

## China’s foreign policy: development and goals

The final two decades of the twentieth century were characterised by strategies to prevent conflicts and produce stability on China’s borders in order to be able to concentrate on China’s national development: ‘Do not attract attention’ (*tao guang jang hui*) and friendly neighbourhood relations (*mulin jou hou*). These strategies were continued in the first decade of the twenty-first century with the principle of ‘peaceful development’ (*haiping fazhan*). The new Chinese president, Xi Jinping, has introduced the new

guiding principle of the ‘Chinese Dream’ (*zhōngguó mèng*). It refers to the rebirth of China’s global power status (*fuxing zhi lu*) and ‘a new pattern of relations’ between world powers.

The two-fold Silk Road initiative is the political narrative for two mega projects. The Silk Road Economic Belt is aimed at the economic domination of the Eurasian land mass, while the 21st Century Maritime Silk Road is designed to gain maritime supremacy in the Indian Ocean. As such it is the political narrative for the mega-goal of becoming the world’s leading power.

On both routes, China will sooner or later land up in a clash of interests with both Russia (due to the latter’s historically strong links with Central Asia and the Caucasian region) and India (over future domination of the region of the Indian Ocean).

The initiative is an additional challenge for the US, the current global leader. The competition between the number one and number two world powers goes beyond the ‘Old World’. It includes Latin America, where China has launched huge infrastructure projects, such as the Nicaragua Canal, and road and rail projects across the South American continent.

## China’s Eurasian partners and competitors

One Belt, One Road is an initiative to dominate the Eurasian continent (except China’s potential political competitors Russia and India) economically and, in consequence, politically as well. The concept regards financial integration as an ‘important underpinning for implementing the Belt and Road Initiative’ (Xu 2015, 8). China obviously envisages its currency, the Renminbi, becoming more widely used and ultimately Eurasia’s primary currency.

Its goal is to build a vast corridor of economic regions that link north-western China with Europe via a route that goes south of Russia. However, there are many factors that clearly favour a direct link between the eastern and the western ends of the Eurasian continent via Kazakhstan and Russia. These factors include the distances involved, geographic features, costs, security, time needed for construction, and the number and highly diverse nature of the partners needed. The land route also bypasses India, although India is China’s biggest immediate neighbour and will soon surpass China as the most populated country of the world. The connecting infrastructure is being constructed as the basis for the development of strong economic ties and better political cooperation within a future free trade zone. If the intention had been primarily to develop good neighbourly relations and not so much continental and world dominance, the highest priority would have been given to relations between China and India—instead of planning the route through western Asia and especially Eastern Europe.

This indicates that China will continue its strategy of recent decades, central to which is a policy of encircling and potentially containing India by establishing strong special

**Fig. 2 Counterbalancing India's power and influence**

Source: Austrian Institute for European and Security Policy (2015).

links with countries in India's neighbourhood (Pakistan, Sri Lanka, Bangladesh, Myanmar and Nepal). China's close relationship with Pakistan was confirmed during Xi Jinping's first state visit to Pakistan in 2015, when he announced Chinese investment of \$45 billion in Pakistan's energy networks and infrastructure (Shahzad 2015). A multitude of infrastructure projects bear witness to the importance China places in these links: for example, the Karakorum highway, the China–Pakistan economic corridor and Gwadar port as China's most important hub in the Indian Ocean (Fig. 2).

## China's dominance in the Indian Ocean

In the framework of the strategy for its periphery—the strategy with respect to India and the future dominance of the Indian Ocean—China has made large investments in the construction of ports not only in Gwadar, but also in Hambantota and Colombo in Sri Lanka and Chittagong in Bangladesh.

The strategy to attain maritime dominance in the Indian Ocean is clearly shaped by the 21st Century Maritime Silk Road concept. The initiative includes Kuala Lumpur, and there are plans to construct the Kra canal in Thailand (at an estimated cost of \$28 billion) to avoid having to go through the Strait of Malacca (*WantChinaTimes* 2015). This would shorten the route between the Indian Ocean and the South China Sea by 1,200

nautical miles and make China less dependent on the Strait of Malacca with its security challenges. China claims more than 80 % of the sea area of the South China Sea and is already constructing a new harbour and airport infrastructure which would effectively give it control over South-East Asia and the maritime link between the Pacific and Indian Oceans. A new hub in Kenya would more or less complete the infrastructure and would provide another strong link with the African continent, which is already economically dominated by China.

## China's presence in Western Asia

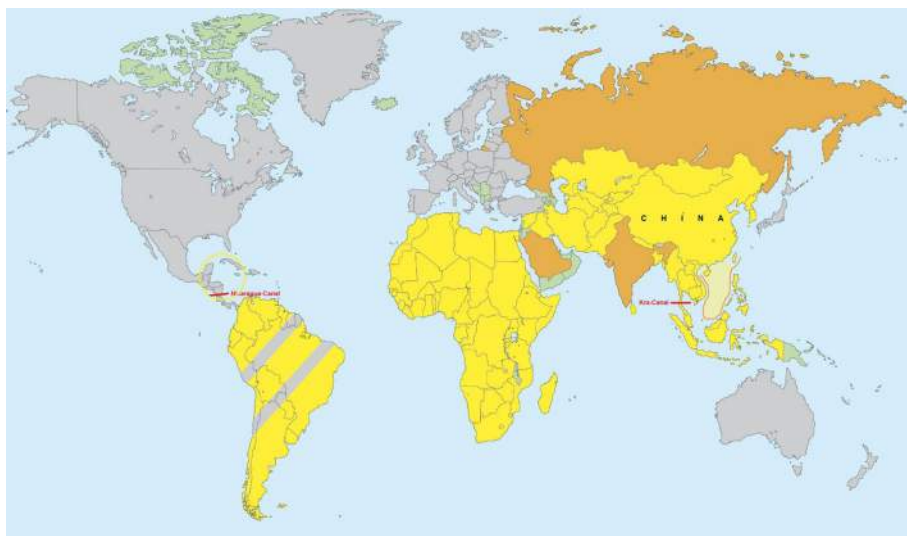
In addition to the core region, Central Asia, China's 'marching westwards'—as Professor Wang Jisei, head of the School for International Studies at Beijing University has put it—would encompass Western Asia (especially Iran and Turkey), the South Caucasian region (Georgia, Armenia and Azerbaijan) and Eastern Europe (especially Ukraine, Belarus and Moldova) (J. Wang 2015; Godehardt 2014, 21). Plans for South-East Asia and India will play a minor role in the whole concept. In Central Asia, China has already established a regional organisation, the Shanghai Cooperation Organisation, of which all of the Central Asian countries except Turkmenistan are members. China's plans for Central Asia include investing \$48 billion in infrastructure and in the exploration and development of oil and gas fields (Mashrab 2013). In Western Asia, China has run up a bill of \$120 billion for oil purchased from Iran—as a consequence of the Western financial sanctions against Iran. Approximately half of this amount will be settled through the construction of infrastructure projects. As for Turkey, Xi Jinping and Prime Minister Erdoğan have agreed the construction of a rail network that will connect Kars to Istanbul and then, via the planned Bosphorus rail tunnel, to the EU. The estimated cost is \$35 billion (*Today's Zaman* 2012).

## China's strategy towards the EU

The EU is the final destination for the terrestrial and the maritime Silk Road concepts. Chinese experts think that Europe should be happy about the project, and they are disappointed that the EU is hesitant.

China is especially interested in maritime cooperation with the EU and sees a wide range of similarities and mutual interests. The Chinese administration is looking for joint efforts to maintain the security of the seaways, collaboration that could ultimately end in a Maritime Cooperation Organisation, as presented by Professor Wang Yiwei from the Institute of International Affairs at China's Renmin University at the Eurasian Economic Summit in Istanbul in 2015 (Y. Wang 2015, 1). China had effectively taken over the management of the harbour in Piraeus, Greece, before the Silk Road initiative was announced. It is ready to invest in a rail project connecting Belgrade and Budapest. In its argumentation, China promises a unique opportunity to build a greater Eurasian market and even to 'revive European civilisation' (Y. Wang 2015, 103).



**Fig. 3 China's global strategy**

Source: Austrian Institute for European and Security Policy (2015).

Note: Grey Western world, yellow China's hegemonic area, orange others. (colour figure online)

From a Central European perspective, it is not easy to understand why the route of the Silk Road provides a better link between Asia Minor and Russia, rather than between Turkey and the EU (Fig. 3). It looks more like an attempt to reshape the post-Soviet space than an endeavour to improve the connections between the Middle East, the South-Eastern European countries aspiring to EU membership and the EU. Furthermore, it is difficult to see how the Silk Road concept could offer a substantial contribution to the existing and already planned infrastructure between Rotterdam, Antwerp, the Rhine Valley and northern Italy. Direct railway connections already exist between Chongqing and Duisburg (since 2011), Yiwu and Madrid (since 2014), and Cheng Du and Lodz (since 2012). The Lodz–Prague rail link has been in operation since 2014, as have its Zengzhou–Hamburg–Duisburg and Suzhou–Warsaw counterparts.

Chinese experts like to quote British geopolitical analyst Halford Mackinder, who regards Eurasia as 'the world island' (Y. Wang 2015, 103). He believes that its integration will turn the US back into an 'isolated island' and allow Eurasia to return to the centre of human civilisation, thereby reshaping global geopolitics and the global landscape. This clearly sounds like a carrot to weaken the transatlantic partnership and to substitute it in part with enhanced China–EU relations. It is doubtful whether such a development would be favourable for the EU's political visions and aspirations of a world based on Western values and democratic rule.



## Conclusion and outlook

The Chinese Silk Road initiative seems to be driven by a combination of internal economic pressure (resulting from the slowdown in economic growth and the existing overcapacity in steel production and the construction industry), the promise the scheme holds as a response to the US's Asian pivot and the Transatlantic Trade and Investment Partnership initiative between the US and the EU, and the Chinese dream of world dominance. Its substantial investment plans will produce some local and regional benefits and build a transcontinental, China-oriented infrastructure.

The Silk Road concept certainly has to be taken seriously. It will be China's predominant geo-economic, geopolitical guideline for the next decade. Moreover, it clearly shows that China has learned to sell its world power ambitions by means of a nostalgic public relations concept.

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## ARTICLE

# Does Westminster (still) represent the Westminster model? An analysis of the changing nature of the UK's political system

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Gerd Strohmeier

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**Abstract** In the first edition of his *Patterns of Democracy* (1999), Lijphart used the term 'Westminster model' interchangeably with *majoritarian model*. Despite both the constitutional reforms introduced since the change of government in 1997 and the outcome and consequences of the 2010 general election, Lijphart concluded in the second edition of his book (2012a) that 'recent changes in British politics do not change the overall character of Britain as a prime example of majoritarian democracy.' Lijphart's perspective is challenged by this article—which also examines the effect of the 2015 general election on the nature of the Westminster system through the prism

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I wrote major parts of this article while a Visiting Fellow of Wolfson College and the Department of Politics and International Studies of Cambridge University and I want to thank Andrew Gamble and David Howarth in particular for their helpful discussions. I presented parts of an early version of the article at the IPSA World Congress 2014, to the Humanities Society of Wolfson College at Cambridge University in 2014 and at the PSA Annual International Conference 2015. Some parts of the text are based on two of my German articles (Strohmeier 2011; 2014) which, inter alia, examine the Westminster model system before the 2015 general election through the prism of Lijphart's *Patterns of Democracy*.

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of Lijphart's *Patterns of Democracy*. It is argued that first, the Westminster system has never represented the majoritarian ideal; second, that it has noticeably moved towards greater consensus as a result of the various constitutional reforms introduced since the change of government in 1997 on the one hand and the outcome and consequences of the 2010 general election on the other; and third, that the 2015 general election has somehow stopped this general trend towards greater consensus.

**Keywords** Westminster model | Westminster system | Majoritarian model | Consensus model | *Patterns of Democracy* | UK | General elections | Constitutional reform

## Introduction

In the first edition of his *Patterns of Democracy*, published in 1999, Lijphart (1999, 9) used the term 'Westminster model' interchangeably with *majoritarian model* to refer to a general model of democracy'. In other words, he regarded the main features of the UK's political system (the Westminster system) as a 'prototypical instance of majoritarianism' (Whitehead 2013, 9), called the 'Westminster' or 'majoritarian' model.<sup>1</sup> However, shortly before the book was published, the Blair Labour government had 'set in train the most radical programme of constitutional reform that Britain had seen since 1911 or 1832' (Bogdanor 2001, 143). It can even be regarded as more radical than the reforms of 1911 and 1832 (Bogdanor 2001, 143). Just over a decade later, the 2010 general election led to a hung parliament and to the first coalition government since Churchill's wartime one and 'the first peacetime coalition government since the 1930s' (Curtice 2010, 623). Despite these developments, Lijphart (2012a, 20) concluded in the second edition of his book published in 2012 that 'recent changes in British politics do not change the overall character of Britain as a prime example of majoritarian democracy.' Both Lijphart's interchangeable use of the terms 'Westminster' and 'majoritarian' model and his conclusion on the effects of the aforementioned developments are challenged by this article, which also examines the effect of the 2015 general election on the nature of the Westminster system through the prism of Lijphart's *Patterns of Democracy*. This article aims to answer the questions of (1) whether the Westminster system represented the majoritarian ideal in the past; (2) whether the Westminster model has noticeably changed as a result of the various constitutional reforms (reforms of the UK's political system) introduced since the change of government in 1997 on the one hand and the outcome and consequences of the 2010 general election on the other; and (3) how the 2015 general election has influenced the nature of the Westminster system.

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<sup>1</sup> The majoritarian model 'concentrates political power in the hands of a bare majority—and often even merely a plurality instead of a majority'—and stands in sharp contrast to the consensus model which 'tries to share, disperse, and limit power in a variety of ways' (Lijphart 1999, 2).

## The Westminster system and its changing nature

Lijphart contrasts two ideal types of democracy, reflecting the ‘theoretical dichotomy between . . . *power hoarding* versus *power-sharing*’ (Whitehead 2013, 11): the majoritarian and the consensus model, respectively. The majoritarian–consensus contrast is characterised by 10 variables (Lijphart 1999, 10–12) proportionally clustered along 2 dimensions: the executives–parties dimension and the federal–unitary dimension. The executives–parties dimension covers the party system, the cabinet, the executive–legislative relationship, the electoral system and interest groups, while the federal–unitary dimension covers the vertical division of power, the distribution of power in the legislature, the constitutional amendment procedures, the interpretation of the constitution with regard to the constitutional compatibility of laws and the central bank. In his first edition, Lijphart examined 36 countries—including quite diverse democracies, industrialised as well as developing countries, parliamentary as well as presidential systems, and European as well as non-European states spread all over the world—in the period from 1945 to 1996, while his second edition covered a nearly identical set of 36 countries in the period from 1945 to 2010.

### The executives–parties dimension

The executives–parties dimension is predominantly influenced by the outcome and consequences of elections—which have a direct influence on the electoral system and the party system, as well as an indirect influence on the cabinet and the executive–legislative relationship. In the UK, the 2010 general election was of particular importance in this regard, as it led to a hung parliament and the first coalition government since 1945. The replacement of a single-party by a two-party coalition government influenced the nature and functioning of the Westminster system to a great extent. A single-party majority government in the UK provides the maximum potential for policy change (Tsebelis 2002, 78–9) and thereby maximum transparency and political accountability, as the governing party is the only bearer of parliamentary sovereignty and thus has—in the words of Dicey (1897, 38)—‘the right to make or unmake any law whatever’. Thus it is able to keep all the promises made in its election manifesto without making any compromises and, as a consequence, can be held solely accountable for the government’s record. A two-party government, by contrast, relies on compromises and concessions, with the accompanying negative effects on governability and transparency, as well as political accountability. However, not only the 2010, but also the 2015 general election significantly influenced the executives–parties dimension in the UK—albeit in a slightly different way.

The first variable of Lijphart’s *Patterns of Democracy* refers to the party system and basically contrasts two-party systems and multiparty systems (Lijphart 1999, 63). Lijphart counts the number of parties using the ‘effective number of parliamentary parties index’ (ENPP)<sup>2</sup> created by Laakso and Taagepera (1979). The average ENPP for

<sup>2</sup>  $\frac{1}{\sum s_i^2}$  (s = seats).

all British elections between 1945 and 1996 calculated by Lijphart (1999, 76–7) is 2.11. Hence, the UK nearly represented the majoritarian ideal (2.00) in this period. The average score between 1945 and 2010 presented by Lijphart (2012a, 74–5) in his second edition is 2.16 and shows a marginal increase over time. However, this downplays the erosion of the British two-party system in the 2010 general election, which resulted in the highest ENPP score (2.57) since 1945. The 2015 general election produced a score of 2.54 and thereby stabilised the ‘effective two-and-a-half party system’ (Table 1). Thus, with regard to the party system, the UK has clearly moved towards greater consensus in both the 2010 and 2015 general elections (compared to the average score between 1945 and 2010), thereby entering a grey area between the majoritarian and the consensus models.

The second variable concerns the cabinet and essentially refers to the difference between single-party majority governments and oversized multi-party coalitions (Lijphart 1999, 62). Lijphart (1999, 109) measures ‘the overall degree of majoritarianism in the formation of cabinets’ by the average time in office of one-party cabinets and minimal winning cabinets. The average time spent in office by these two cabinet types in the UK between 1945 and 1996 calculated by Lijphart (1999, 110–11) is 96.7 %. As a consequence, the UK nearly represented the majoritarian ideal (100 %) in this period. The average score between 1945 and 2010 presented by Lijphart (2012a, 99–100) in his second edition is 97.3 %, which indicates a marginal increase over time. However, this downplays and does not fully take into account the coalition government formed after the 2010 general election, which scored 50 %—and moved the UK into a grey area between the majoritarian and the consensus models. While opinion polls predicted another hung parliament and, as a consequence, a coalition or minority government, the 2015 general election led to a single-party majority government, resulting in a score of 100 %, which corresponds with the majoritarian ideal (Table 2). Hence, given the make-up of the cabinet, the UK clearly moved towards greater consensus in the 2010

**Table 1 The (average) ENPP in the UK**

1945–96	1945–2010	2010	2015
2.11 (minimum: 1.99; maximum: 2.27)	2.16 (minimum: 1.99; maximum: 2.57)	2.57	2.54

Source: Lijphart (1999, 76–7; 2012a, 74–5; 2012b, 25); own calculations.

**Table 2 The (average) time spent in office by one-party cabinets and minimal winning cabinets in the UK (per cent)**

1945–96	1945–2010	2010–15	Since 2015
96.7 (minimal winning: 93.3; one-party: 100)	97.3 (minimal winning: 94.8; one-party: 99.8)	50	100

Source: Lijphart (1999, 110–11; 2012a, 99–100; 2012b, 42); own calculations.

**Table 3** The (average) cabinet duration in the UK (years)

1945–96	1945–2010	2010–15	Since 2015
8.49	8.12	5	Ongoing

Source: Lijphart (1999, 132–3; 2012a, 120–1; 2012b, 42); own calculations.

general election (compared to the average score between 1945 and 2010) and then back towards greater majoritarianism—to the majoritarian ideal—in the 2015 general election.

The third variable refers to the relationship between the executive and legislative branches of government and basically contrasts executive dominance with ‘a more balanced executive–legislative relationship’ (Lijphart 1999, 116). Lijphart (1999, 129–31) (continuously) measures the degree of executive dominance using the ‘index of cabinet duration’ suggested by Dodd (1976), drawing on only one criterion for cabinet termination: the change in party composition. The average cabinet duration in the UK between 1945 and 1996 calculated by Lijphart (1999, 132–3) is 8.49 years and ranks the UK in 30th place in Lijphart’s sample of 36 countries listed in ascending order. Hence, the UK was among the most majoritarian in Lijphart’s sample in this period. The average score between 1945 and 2010 presented by Lijphart (2012a, 120–1) in his second edition is 8.12 years and shows a marginal decrease over time. However, this on the one hand downplays and on the other does not fully take into account the cabinet duration of the Conservative/Liberal Democrat coalition government which ousted the Labour single-party government (after 13 years of Labour in power) as a result of the 2010 general election and, in turn, was ousted by the Conservative single-party government as a result of the 2015 general election—which resulted in a score of 5 years (Table 3). Thus, in terms of the executive–legislative relationship, the UK has clearly moved towards greater consensus in the 2010 and 2015 general elections (compared to the average score between 1945 and 2010), yet it has remained majoritarian. The likelihood of long cabinet durations after the 2015 general election has been reduced by the Fixed-term Parliaments Act 2011 which removed the power of the prime minister to call an election at a time when he has the best chance of winning.

The fourth variable concerns the electoral system and essentially refers to the difference between plurality/majority systems (~disproportional systems) and systems of proportional representation (Lijphart 1999, 143). Lijphart basically measures the overall disproportionality of electoral systems using the ‘least squares index’<sup>3</sup> proposed by Gallagher (1991). The average electoral disproportionality over all British elections between 1945 and 1996 calculated by Lijphart (1999, 162) is 10.33 and ranks the UK in 22nd place in Lijphart’s sample of 36 countries listed in ascending order. As a consequence, the UK was far from representing the most majoritarian type in Lijphart’s sample, but

<sup>3</sup>  $\sqrt{\frac{1}{2} \sum (v_i - s_i)^2}$  (v = votes; s = seats).

**Table 4 The (average) degree of disproportionality in the UK electoral system**

1945–96	1945–2010	2010	2015
10.33 (minimum: 2.61; maximum: 17.45)	11.70 (minimum: 2.61; maximum: 17.74)	15.10	15.02

Source: Lijphart (1999, 162; 2012a, 150–1; 2012b, 25); own calculations.

still fit the majoritarian model in this period. The average score between 1945 and 2010 presented by Lijphart (2012a, 150–1) in his second edition is 11.70 and indicates a marginal increase over time. However, this downplays the electoral disproportionality in the 2010 general election, which scored 15.10 and was nearly reached again in the 2015 general election, which scored 15.02 (Table 4). Hence, in terms of the electoral system, the UK moved towards greater majoritarianism in both the 2010 and 2015 general elections (compared to the average score between 1945 and 2010). The proposed introduction of the Alternative Vote system, rejected in the 2011 Alternative Vote Referendum, would not have increased, but probably even decreased electoral proportionality—as already observed by the Independent Commission on the Voting System (1998). Another attempt at electoral reform in the near future is highly unlikely, as the governing Conservative Party (2015, 49) announced that it would ‘respect the will of the British people, as expressed in the 2011 referendum, and keep First Past the Post for elections to the House of Commons’.

The fifth variable refers to interest groups and basically contrasts ‘a competitive and uncoordinated pluralism of independent groups’ with ‘the coordinated and compromise-oriented system of corporatism’ (Lijphart 1999, 171). Lijphart measures interest group pluralism using the index created by Siaroff (1999). The average interest group pluralism in the UK between 1945 and 1996 provided by Lijphart (1999, 177) is 3.38 and ranks the UK in 34th place in Lijphart’s sample of 36 countries listed in ascending order. Hence, the UK was almost the most majoritarian in Lijphart’s sample of 36 countries in this period. The average score between 1945 and 2010 presented by Lijphart (2012a, 165–6) in his second edition is 3.02 and shows a marginal decrease over time. Thus, in terms of interest groups, the UK has slightly moved towards greater consensus over time, while still remaining majoritarian. However, in contrast to other variables, interest group pluralism was affected by neither the 2010 and 2015 general elections nor by political reforms in the more recent past (Lijphart 2012b, 2).

## The federal–unitary dimension

The federal–unitary dimension is predominantly influenced by constitutional reforms. In the UK, constitutional reforms are actually in the hands of the elected government, as the British constitution can be changed ‘by means of a simple majoritarian decision’ (Lijphart 1999, 18). Despite this fact, the British governments’ enthusiasm for constitutional reform has rarely been high over the course of the last century. Even for the



**Table 5 The (average) degree of federalism and decentralisation in the UK**

1945–96	1945–2010		Since 1998	
	Lijphart	Proposed	Lijphart	Proposed
1	1.2	1.1	2	1.5

Source: Lijphart (1999, 189; 2012a, 178; 2012b, 3); own calculations.

Labour Party, for a long time constitutional reform was not really a major priority (Bogdanor 2001, 139). In contrast, ‘Labour . . . has, at least since the 1920s, been distinctly sceptical if not downright hostile towards constitutional reform’ (Bogdanor 2001, 142). However, Labour’s attitude towards constitutional reform changed considerably in the late twentieth century and, after winning the 1997 general election, the Blair Labour government started an (almost) unprecedented constitutional reform programme, which has significantly, as well as sustainably, influenced the federal–unitary dimension.

The sixth variable in Lijphart’s *Patterns of Democracy* concerns the vertical division of power and essentially refers to the difference between unitary and centralised governments on the one hand and federal and decentralised governments on the other (Lijphart 1999, 186). Lijphart (1999, 189) measures the degree of federalism and decentralisation using an index based on a five-point scale from 1 for ‘unitary and centralised’ to 5 for ‘federal and decentralised’. The degree of federalism and decentralisation in the UK between 1945 and 1996 assigned by Lijphart (1999, 189) is 1. As a consequence, the UK represented the majoritarian ideal in this period. The average score between 1945 and 2010 presented by Lijphart (2012a, 178) in his second edition is 1.2 and indicates a marginal increase over time. However, this downplays the effect of the devolution reforms introduced since 1998. Nevertheless, while Lijphart assigned the UK a score of 2 (unitary and decentralised) after 1998, it seems to be appropriate to assign the UK an intermediate position between centralised and decentralised (‘semi-decentralised’) after the commencement of the first devolution reforms introduced since the change of government in 1997—such as the Scotland Act 1998, the Government of Wales Act 1998, the Belfast (‘Good Friday’) Agreement 1998 and the Greater London Authority Act 1999 which came into force between 1998 and 2000 and were followed by further devolution reforms. These reforms partially and asymmetrically transferred the power of the central government to regional or local governments (Table 5). Hence, with regard to the degree of federalism and decentralisation, the UK has moved slightly towards greater consensus since 1998 (although not all parts of the aforementioned devolution reforms came into force in 1998), yet it has remained majoritarian. As the governing Conservative Party (2015, 69) has announced that it ‘will continue devolution settlements for Scotland and Wales, and implement the Stormont House Agreement in Northern Ireland’, the UK is likely to be gradually pushed further towards full decentralisation and, as a consequence, in the end marginally further towards greater consensus (based on the proposed contemporary classification of ‘semi-decentralised’).

The seventh variable refers to the distribution of power in the legislature and basically contrasts the concentration and the division of legislative power in the legislature

(Lijphart 1999, 200). Lijphart (1999, 205–7) measures the distribution of power in the legislature using an index principally based on a four-point scale ranging from 1 for ‘unicameralism’ to 4 for ‘strong bicameralism’ (symmetrical and incongruent chambers). The distribution of power in the legislature in the UK between 1945 and 1996 assigned by Lijphart (1999, 212) is 2.5. Lijphart classifies the British Parliament generally as asymmetric and (‘technically’) incongruent, but reduces its score of 3 by half a point, as he regards the House of Lords as a ‘relic of a pre-democratic era’ (Lijphart 1999, 213). Hence, in this variable the UK was far from representing the majoritarian ideal (a score of 1), but was situated in a grey area between the majoritarian and the consensus model in this period. The score between 1945 and 2010 presented by Lijphart (2012a, 199) in his second edition is also 2.5. The House of Lords Act 1999—which removed all but 92 hereditary peers from the UK’s second chamber (Bogdanor 2001, 139)—affected the composition of the House of Lords, but did not change the congruency or, as a consequence, the distribution of power in the British legislature. Thus, with regard to the distribution of power in the legislature, the UK has continuously been a hybrid between the majoritarian and the consensus model since 1945. A mainly elected House of Lords with elections held on the basis of proportional representation, as recommended by the Joint Committee on the Draft House of Lords Reform Bill (2012), but not implemented in the last electoral period, would reduce the degree of congruency (as the House of Lords could no longer be regarded as a ‘relic of a pre-democratic era’) and push the UK towards greater majoritarianism. However, the chances of a major House of Lords’ reform after the 2015 general election were not increased by the electoral victory of the Conservative Party, which ‘see[s] a strong case for introducing an elected element into . . . [the] second chamber’, but regards this as ‘not a priority in the next Parliament’ (Conservative Party 2015, 49).

The eighth variable concerns the procedures to amend the constitution and essentially refers to the difference between ‘flexible constitutions’ and ‘rigid constitutions’ (Lijphart 1999, 216). Lijphart (1999, 218–20) measures the degree of constitutional rigidity using an index principally based on a four-point scale ranging from 1 for ‘approval by an ordinary majority’ to 4 for ‘approval by more than a two-thirds majority’. The degree of rigidity of the British constitution between 1945 and 1996 assigned by Lijphart (1999, 220) is 1. As a consequence, the UK represented the majoritarian ideal in this period. The score between 1945 and 2010 presented by Lijphart (2012a, 208) in his second edition is also 1. It might be argued that the frequent use of referenda on constitutional issues since 1997 has created ‘a persuasive precedent, if not a convention, . . . such that a referendum is required on any proposal to transfer the powers of Parliament’ (Bogdanor 2001, 78). However, from a legal perspective, referenda are generally not required (in addition to legislative approval) in the UK. Hence, with regard to the procedures required to amend the constitution, the UK has continuously represented the majoritarian ideal since 1945.

The ninth variable refers to the interpretation of the constitution with regard to the constitutional compatibility of laws and basically contrasts parliamentary sovereignty and the existence of judicial review (Lijphart 1999, 216). Lijphart (1999, 225–6) measures the strength of judicial review using an index based on a four-point scale ranging from

**Table 6** The (average) strength of judicial review in the UK

1945–96	1945–2010		Since 2000	
	Lijphart	Proposed	Lijphart	Proposed
1	1	1.1	1	1.5

Source: Lijphart (1999, 226; 2012a, 215); own calculations.

1 for ‘no judicial review’ to 4 for ‘strong judicial review’. The strength of judicial review in the UK between 1945 and 1996 assigned by Lijphart (1999, 226) is 1. Hence the UK represented the majoritarian ideal in this period. The score between 1945 and 2010 presented by Lijphart (2012a, 215) in his second edition is also 1 (Table 6). However, parliamentary sovereignty has been affected by the Human Rights Act (United Kingdom 1998), which came into force in 2000 and incorporated the European Convention on Human Rights (ECHR) into British law and provided British courts with the power to review the provisions of primary and subordinate legislation for compatibility with the ECHR. If certain courts (United Kingdom 1998, Section 4 (5)) issue a declaration of incompatibility concerning primary legislation, government and parliament in Westminster are called upon—but not committed—to repeal or amend the offending statute—which can be done by a specific fast-track method (United Kingdom 1998, Section 10; Bogdanor 2001, 89). It may be argued that the Human Rights Act did not change the strength of judicial review in the UK, as (1) the ECHR is far from representing a ‘single unified and legally binding constitutional charter’ (Whitehead 2013, 17); (2) courts are required by the Human Rights Act (1998, Section 3 (1)) to read and to give effect to ‘primary legislation and subordinate legislation . . . in a way which is compatible with the Convention rights’ as far as possible; and (3) a declaration of incompatibility ‘does not affect the validity, continuing operation or enforcement of the provision in respect of which it is given’ (United Kingdom 1998, Section 4 (6)(a)) and ‘is not binding on the parties to the proceedings in which it is made’ (United Kingdom 1998, Section 4 (6)(b)). However, due to the existence of a specific fast-track method in the event of a declaration of incompatibility and the fact that declarations of incompatibility (if not overturned on appeal) have nearly always been remedied and, as a consequence, have noticeably influenced British politics in the past (Human Rights Futures Project 2013), it seems to be appropriate to assign the UK an intermediate position between no judicial review and weak judicial review since 2000 (a score of 1.5). Thus, in terms of the interpretation of the constitution with regard to the constitutional compatibility of laws, the UK has slightly moved towards greater consensus since 2000, while still remaining majoritarian. The governing Conservative Party (2015, 60) has announced that it ‘will scrap the Human Rights Act, and introduce a British Bill of Rights’, but it remains unclear to what extent this reform would alter the strength of judicial review in the UK.

The tenth variable concerns the central bank and essentially refers to the difference between weak and dependent central banks on the one hand and strong and independent central banks on the other (Lijphart 1999, 232). Lijphart measures the independence of central banks by two different indices developed by Cukierman et al. (1994) and an index proposed by Grilli et al. (1991). The average degree of central bank

**Table 7 The (average) degree of central bank independence in the UK**

1945–96 (provided by Lijphart)	1945–2010 (provided by Lijphart)	1998–2009 (provided by Lijphart)	End of 2003 (provided by Arnone et al.)
0.31	0.33	0.40	0.69

Source: Lijphart (1999, 236; 2012a, 234; 2012b, 6); Arnone et al. (2007, 45).

independence in the UK between 1945 and 1996 provided by Lijphart (1999, 237) is 0.31—the mean of the (first) ‘Cukierman index’ (0.30) and the ‘Grilli index’ (0.32)—and ranks the UK in 27th place in Lijphart’s sample of 36 countries listed in descending order. As a consequence, the UK was among the most majoritarian in Lijphart’s sample in this period. The average score between 1945 and 2010 presented by Lijphart (2012a, 234) in his second edition is 0.33 and indicates a marginal increase over time. However, this downplays and undervalues the increased independence of the Bank of England that was initiated by the Blair Labour government, which transferred the ‘operational responsibility for setting interest rates’ to the Bank of England only a few days after winning the 1997 general election (Bank of England 1997, 9). Subsequently, it implemented the Bank of England Act 1998, which formally provided the Bank of England’s Monetary Policy Committee with the responsibility for setting interest rates (Whitehead 2013, 25). While the average degree of central bank independence in the UK between 1998 and 2009 presented by Lijphart (2012b, 6) is only 0.40, Arnone et al. (2007, 45) provided a more plausible average score of 0.69 (based on the ‘Grilli index’) at the end of 2003 (Table 7). Hence, with regard to the central bank, the UK has clearly moved towards greater consensus since 1997 (compared to the average scores between 1945 and 2010) and now fits the consensus model more than the majoritarian model.

## Conclusion

1. The Westminster system has never represented the majoritarian ideal: it has never been a system which perfectly matches the characteristics of the majoritarian model or is consistently the most majoritarian in Lijphart’s sample of 36 countries. It was strongly majoritarian between 1945 and 1996, but Lijphart (1999, 9) was wrong to use the term Westminster model ‘interchangeably with *majoritarian model*, as there has always been a major ‘mismatch between the case and the model’ (Whitehead 2013, 10); in other words: there exist ‘serious discrepancies between mythology and reality’ (Whitehead 2013, 11)—between the (idealised) Westminster or majoritarian model and the (real) Westminster system.
2. The Westminster system has noticeably moved towards greater consensus as a result of the various constitutional reforms introduced since the change of government in 1997 on the one hand and the outcome and consequences of the 2010 general election on the other. Whereas the constitutional reforms caused a shift towards greater consensus along the federal–unitary dimension, the outcome and consequences of the 2010 general election predominantly led to a shift towards

greater consensus along the executives–parties dimension. In the end, the Westminster system remained majoritarian, but Lijphart (2012a, 20) was wrong to conclude that the aforementioned developments did ‘not change the overall character of Britain as a prime example of majoritarian democracy’.

3. The 2015 general election pushed the Westminster system towards greater consensus with regard to the party system and the executive–legislative relationship on the one hand and towards greater majoritarianism with regard to the cabinet and the electoral system on the other along the executives–parties dimension (compared to the average scores between 1945 and 2010). As a consequence, the outcome and consequences of the 2015 general election have somehow stopped the general trend towards greater consensus. The contemporary Westminster system is not—as Whitehead (2013, 14) argued—a ‘*hybrid-political system*’. Even the outcome and consequences of the 2010 general election did not transform the Westminster system into a ‘*hybrid-political system*’. Taking everything into account, the contemporary Westminster system is still a majoritarian one, but it definitely does not represent the (idealised) Westminster or majoritarian model. On the contrary, it is less majoritarian than it has been in the past.

There is no undisputable academic answer to the question of whether the Westminster system should be pushed further towards greater consensus or back towards greater majoritarianism in the future, as neither the consensus nor the majoritarian model is principally superior—not in general and not even with regard to a single country like the UK. Lijphart (1999, 258–309) obviously preferred the consensus model, but both the majoritarian and the consensus models have advantages and disadvantages which can rarely be compensated for. For example, the majoritarian model leads to a high potential for policy change, but a low potential for policy consensus and, as a possible consequence, to some kind of ‘elective dictatorship’ (Hailsham 1978, 9), whereas the consensus model leads to a high potential for policy consensus, but a low potential for policy change and, as a possible consequence, to a form of ‘obstructed republic’ (*Der Spiegel* 2002; Strohmeier 2006). In a nutshell, both the majoritarian and the consensus models can be regarded as forms of government which are—in the words of Sir Winston Churchill (United Kingdom 1947)—‘the worst form of Government except all those other forms that have been tried from time to time’.

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## EXECUTIVE SUMMARY

# BREXIT In Focus: six ways it will fundamentally change the EU

Eoin Drea · Angelos Angelou ·  
Roland Freudenstein

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The debate surrounding a potential BREXIT has largely focused on the costs and disadvantages for Britain of making such a move. However, Britain leaving the EU would also alter the strengths and profile of the European Union. Britain is the EU's second largest economy, a significant net contributor to the EU budget, hosts Europe's only global financial centre and is an important driver of single market reform on the European stage.

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## EXECUTIVE SUMMARY

# Ethics and religion: What's the EU got to do with it?

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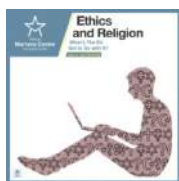
Jos J. A. M. Van Gennip

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This paper argues that the EU and its institutions are highly relevant to addressing the questions of ethics and religion. Although in general, policy matters should be dealt with at the lowest possible level, some matters concerning religion and ethics are best dealt with by a common approach at the EU level of decision-making. Applying a test of subsidiarity, the paper examines areas such as the economy, human rights, our multi-ethnic and multi-religious societies, and the relationship with the Orthodox churches.

The paper contends that the EU member states and member parties of the EPP should lead the debate on ethics, values and religion. Within the atmosphere of pluralism, dialogue and tolerance, the EPP should continuously cherish its Christian roots and values while responding to the economic, social and cultural realities of the day. The party should also leave enough room for those that belong to non-Christian religions and have other beliefs and convictions.

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## EXECUTIVE SUMMARY

# Refugee crisis In Focus: towards better cooperation between Europe's national governments

Vít Novotný

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This In Focus argues that without cooperation between the EU member states, the situation of the current refugee crisis is not going to improve. The EU's dysfunctional asylum system, which is based on 28 national systems, needs to be reformed, including by allowing asylum applications in the countries of origin. Member states need to start supplying Frontex with personnel and equipment to better protect the border. The EU also needs a new deal between host countries and newcomers on the refugees' integration into European societies.

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The *European View* is the policy journal of the Wilfried Martens Centre for European Studies, the political foundation of the European People's Party. It is an intellectual platform that enables politicians, opinion makers and academics to tackle contemporary themes of European politics, focusing on one specific topic in each issue. What makes the *European View* unique is its hybrid nature—its capacity to involve both esteemed academics and experts on the one hand, and high-level politicians and decision makers on the other. Former prime ministers and ministers are regular contributors to the *European View*.

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