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Contents

(A)Interviews

1) **Johannes Dragsbaek Schmidt** (pp. 07- 10)

2) **Anke Brugmann**(pp. 11- 17)

(B)Articles :

1)**Stabilising Europe's Southern Frontier: A Political Economy Enquiry**

Hartmut Elsenhans(pp. 18- 61)

2)**The European Economic and Monetary Union in the 21st Century**

Dr. Bodo Herzog(pp. 62- 68)

3) **The Flight of the Red Phoenix:**

The Historical Bases of Russian Non-Linear Warfare

Dr. Stephen Blank(pp. 69- 100)

4) **Europe at Sea: The Refugee Crisis 2015-16**

Dr.Bhaswati Sarkar(pp. 101- 112)

5) **EUROPEAN SECURITY AND DEFENSE POLICY:**

ADAPTING TO TODAY'S CHALLENGES AND OPPORTUNITIES

Ioannis Karamelas and Irene Mylonas(pp. 113- 136)

6) **Multilingualism in India and EU: Addressing the Medium of Instruction Issues with Content and Language Integrated Learning**

Mrs Devika Rani and Dr Neeta Inamdar(pp. 137- 141)

7) **China's Belt and Road Initiative and the Response of the EU**

Dr. B. Krishnamurthy(pp. 142- 154)

8) **Different Dimensions of India-EU Relations: An Overview**

Dr.Dhananjay Tripathi and Akhila Nagar(pp. 155- 161)

Interviews

Prof. Johannes Dragsbaek Schmidt

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1. On the political level the EU has yet to create a positive profile for itself as an entity in India. Their so-called "strategic" relationship appears to be more symbolic than real. Do you agree?

On the surface, not much has changed and it appears as if the supra-national relationship gradually is being replaced by stronger relations between Delhi and individual member-states although India's search for foreign investment is somehow clouded by India's unilateral decision to cancel 57 of its bilateral investment treaties, including its deals with the European Union, last year in hopes of negotiating better terms. A recent top-level meeting between India's most important trading partner in the EU - Germany - was extremely cordial and PM Modi and Chancellor Merkel announced a deepening of diplomatic relations endorsing a stronger trade relationship, commitment to the Paris Agreement on Climate and exploring ways to promote the long awaited free trade agreement between the EU and India. This may be more plausible now since Brexit could offer an opportunity to overcome some stumbling blocks related to special conditions which disappear in tandem with UK's withdrawal from the EU. There are other important signs such as the lowering of GST on luxury cars and SUVs from India's side which may lead to a finalisation of a successful FTA.

2. Since Maastricht in 1992, Europe has claimed to have a 'common foreign policy', but it is not a 'single' foreign policy. Can India be blamed for well-advertised preference for bilateral arrangements with individual member states of the EU, over dealing with them collectively, given the lack of cohesion in European institutions on strategic questions?

Obviously, the EU is not a sovereign state and recent events, not least Brexit and the ultimate rise of rightwing populism and EU skepticism, has initially weakened the EU in international affairs. However, the EU is still an important emerging power sharing a number of important foreign policy goals with India not least the wish for a multipolar world order. The Modi government is riding on two horses. After Brexit there seem to be a rapprochement in trading relations between Brussels and New Delhi and at the same time it is probably wise to continue the relationship with individual member countries.

3. One significant reason for inactivity between India and the EU is the shadow of the US that looms large over this relationship. Do you agree?

The new Trump administration in the White House has been an annoying disappointment for Delhi as well as Brussels. While Modi's BJP-led government has been waiting for Godot, as one Indian observer notes, I think India is becoming more and more attractive and ready for a closer relation with the EU and breaking out of the partnership with the US so that a more independent and pro-active foreign policy may be in the pipe.

4. Do you believe that both India and EU face the same threat of religious radicalism at home and from across the border? What are the prospects of a focused cooperation on this issue?

There are important differences since the hostility between India and its neighbors in Bangladesh and Pakistan has a territorial dimension and historical roots while the European threat is homegrown. The participation in the interventions in the Middle East is one of the most important denominators of religious and politically inspired terror and is an entirely different matter than say Kashmir. In my opinion, the emphasis on human rights will continue to shape European foreign policy – whether coordinated or not coordinated through the EU – and this will hinder a closer coordination in security policy and other remedies related to terrorism.

5. “Courting the Dragon, Wooing the Elephant”-How do you look at the European Union's relations with China and India?

EU's pragmatic attitude towards China and India will continue and gradually we will see India becoming more and more attractive as a destination for foreign investment. As China moves away from its reliance on export-orientation towards a more consumption based economy it opens the doors for India. However, the sour relationship between India and China helps shape and calibrate EU trade and security interests and benefits the United States for that matter. Washington seeks to use India's awkward position towards China to exploit tensions between

New Delhi and Beijing and at the same time attempting to end the historically good relationship between India and Russia.

6. Will EU reinforce the common — and sometimes shaky — front against the Kremlin over its encroachment in Ukraine?

It is time for a more independent EU position towards Russia. The recent sanctions against Russia debated by the US Senate created very angry comments by European lawmakers and leading politicians and there are clear signs of a split between EU member states on the one side and the United States on the other. A new neo-mercantilist inspired trade war seems to be in the pipe. In principle, India and the EU share the basic principles of Moscow's foreign policy: respect for state sovereignty and non-interference; primacy of the United Nations; no one state dominating the entire world.

7. How do you look at the post- BREXIT Europe with the EU embarking on difficult talks to usher the U.K. out of the club and President Donald Trump questioning the bloc and U.S. guarantees to trans-Atlantic security?

It may be a paradox but Brexit will be a harbinger for a much closer and stronger EU. The UK was always the main obstacle towards closer integration and together with the critique from Trump of Germany, which is entirely misplaced, we may see the contours of a multi-speed and multi-tiered EU. Macron's election victory and Merkel leading in the German elections may lead to a strong core even with a united foreign and security policy, and a much more independent view of world affairs.

8. Something new is happening in several European countries: slowly but surely, citizens are taking to the streets or the Internet, or both, in an attempt to counter the antiglobalist, Euroskeptic, and anti-immigrant messages of far-right populists and nationalists. The refugee crisis and the populist backlash that followed have transformed the political landscape in Europe. Your observations.

It is still too early to dismiss the rightwing xenophobic and anti-EU attitudes of the so-called 'common man on the street'. The popular sentiment is still very futile and unpredictable and with upcoming elections in several EU member states it is too early to dismiss the strength of rightwing populism in Europe.

9. Sentiment has turned against the EU and its institutions and therefore 'more Europe' is no longer the acceptable answer. Brexit was just the first warning sign in 2016. Whither EU ? is the predominant question facing the continent. Your comments.

I don't see the withering away of the EU. On the contrary we will see a strengthened EU, more independent of Washington and a near future with interesting implications for the relationship with India, the BRICS and SCO, which India and Pakistan joined recently. It all adds up to a new situation with danger and opportunities and I do see individual member states of the EU joining the Chinese initiatives with regard to One-Road One-Belt and the joint efforts by Russia and China to re-establish the Eurasian Silkroad. The reluctance of India joining this initiative may turn out to be a major mistake.

10. Europe is fragmented and polarized and faces significant domestic and international constraints and victory of "Macron offers a chance for an EU reboot by giving new energy, credibility and oomph to the European project." How far do you agree?

Well, see my answers above. The situation is fraught with unknowns but I am sure the EU's revival is coming and it will be an EU in several speeds including a strong core and weaker members around that core.

2) Anke Brugmann

(Anke Brugmann has an academic background in international relations and in educational management. She holds degrees from Université Catholique de Louvain, Belgium, and from Carl von Ossietzky Universitaet, Germany. Based in her home country Germany, she looks back on more than 20 years of professional experience as an administrator in international higher education. She worked at Karlsruhe Institute of Technology as executive assistant to the president of the European Confederation of the Upper Rhine Universities, at Viadrina European University and at Philipps-Universitaet Marburg as the head of student administration. She gained experience in worldwide university cooperation and participated actively in building the European Higher Education Area. She visited universities throughout Europe, North America, Asia and Northern Africa and served as an EU Short Term Expert fostering the internationalisation of higher education in Armenia, Bosnia and Herzegovina, Egypt and India. In 2014, Ms Brugmann was seconded to The Hessian State Ministry of Higher Education, Research and the Arts where she started a second career in human resource development. She currently holds the position of the Director of Administration at the University of Marburg Libraries System.)

Email Interview

1. *On the political level the EU has yet to create a positive profile for itself as an entity in India. Their so-called "strategic" relationship appears to be more symbolic than real. Do you agree?*

I partly agree. The perception that India has of the EU as an entity lacking a strong profile is based on certain expectations. By contrast, from a European perspective, the EU strategy appears to be quite clear. My understanding is that Europe perceives itself in the first instance as a union that is based on many achievements since Ancient Greece but has also suffered massive conflict including two world wars. It is therefore strongly focused on value-based partnerships designed to prevent further crisis through cooperation and dialogue. From this perspective, cooperation is not unconditional. It shall only serve sustainable causes benefiting social peace and wellbeing of its citizens. In proposing a strategic partnership the EU has an idea of what will serve these causes but the proposal is also an invitation to a dialogue about different perspectives. The political will behind the EU strategic partnerships is basically the same will that led the first member states to found the European Communities in the 1950-s, just a decade after the end of the devastating WW II.

Europeans experienced the foundation of the ECs as a breakthrough which proved to be fortunate for its members and the momentum of which is still in force. Over the decades, the strength of the ECs became externally visible mainly through individual performances of its member states. Accordingly, the current mandate and financial power of the EU is mainly limited to concluding strategic partnerships that promote the terms and values

which its member states commonly consider vital to running their individual external relations.

With this in mind, I would like to address the question what the political EU would need to do in order to create a positive profile in India. In modern history, India has been recognized as a thriving power since the early age of decolonization and, most of all, for handling this challenge with foresight and diplomatic strength. In 2016, the EU-India Summit was concluded with a decision to jointly pursue a number of common political goals ranging from countering terrorism to facilitating bilateral trade. I am convinced that the target agreement that comes along with it is more than a symbolic act as long as the signatories are serious about it. It is a chance.

Several authors such as Christophe Jaffrelot and Rajendra Jain suggest that getting to know each other better will remove prejudices rooted in colonial times on both sides and is the key to breathe life into EU-India relations. If they are right then the strategic partnership should be seen as a worthwhile opportunity for each individual involved in it to work on such a mutual understanding.

2. Since Maastricht in 1992, Europe has claimed to have a 'common foreign policy', but it is not a 'single' foreign policy. Can India be blamed for well-advertised preference for bilateral arrangements with individual member states of the EU, over dealing with them collectively, given the lack of cohesion in European institutions on strategic questions?

I think it makes sense for India to aim at bilateral arrangements with individual European member states unless a member state refers the matter to the EU. There is not a real alternative to it and I see no harm in it as long as it is not meant to polarise among European member states of the EU.

It is true that the formation of the European Union in Maastricht in 1992 meant to enable a common foreign policy that has not yet shown any significant results. The process of bringing the European constitution into effect stagnates since several member states have not decided on its ratification and since France and the Netherlands even disapproved in two referendums. In my view, there are legitimate reasons for this stagnation, and the challenge involved is worth the delay. It is part of a democratic process and the constitution would very likely have proved dysfunctional had it been enforced without a solidly founded democratic decision. A decision that requires a democratic base cannot be accelerated by overruling it.

3. One significant reason for inactivity between India and the EU is the shadow of the US that looms large over this relationship. Do you agree?

The question suggests that the EU is inactive in India because the US are active. In my view, this is not the case. It is certainly true that the US have established more companies in India than any other country but the EU export to India is higher than the

US export. EU companies have a high interest in investing in India given its economic growth, and that interest is still on the rise. The US presence in India is not one of the major challenges that European companies face in India. It is rather the need for innovation and smart management that forms a positive challenge and there are obstacles such as bureaucracy and the state of the countrywide infrastructure which lead to delays or even withdrawal from investment decisions, depending on the branch of investment. Other fields of activity are outlined by the above mentioned strategic partnership agreements.

4. *Do you believe that both India and EU face the same threat of religious radicalism at home and from across the border? What are the prospects of a focused cooperation on this issue ?*

I assume you are referring to Islam. There is a difference between the expansion of a religion through migration or demographic change and extremists forcing a fundamentalist interpretation of Islam on others. First of all, I consider it important to differentiate between peaceful Islam as part of our societies and ideological radicalism.

In predominantly Hindu India, the percentage of the Muslim population is about 15% and India is bordered by predominantly Islamic countries. The EU is predominantly Christian and has only 3% Muslims. It is not bordered by predominantly Muslim countries other than Turkey and countries bordering the Mediterranean Sea. Currently, terrorist attacks in Europe are about ideological issues wrapped in religious terminology misusing Islam. Terrorist attacks in India are mainly about political independence.

Hence, I would not say that the threat is the same in India and in the EU, but I do believe in the effectiveness of cooperation between the security forces of countries that are suffering from terrorism, and of joint research. Criminal networks that support terrorist attacks operate across the world and this calls for well-organised cooperation between the police forces and judicial courts of affected countries. All technological means of communication should be used and joint research on the origins of radicalization is necessary as well as searching for means to counter violence effectively.

5. *“Courting the Dragon, Wooing the Elephant”-How do you look at the European Union’s relations with China and India?*

The EU strategic partnerships with India (2004) and China (2005) were the first concluded after those with industrial nations such as the US, Canada and Japan and with NATO. From the European point of view, it was only natural to take these steps at the time. Both India and China were considered emerging powers and therefore having high potential for a structured cooperation that would benefit geopolitical balance as well as economic trade, investment and labour markets. Since it is an EU strategy to focus on value-based cooperation in its partnerships, it does not come as a surprise that

the partnership with India was the first to be concluded even though the EU might have had an even stronger focus on China at the time.

Nowadays, the question is often raised whether China and India are still to be called emerging states and what it will take for them to engage the EU in negotiations about new rules. More and more voices call for the EU to listen more to its partners and for fewer attempts to impose its own values. To me, the ongoing discussion on values is of great relevance. As Europeans, we compare developments in India and in China with our own history of societal development including the French Revolution and overcoming totalitarian regimes of the 20th century. It led us to our understanding of democracy and the strong will to defend it. We would certainly be wrong in assuming that history will take the same course in other parts of the world. Nevertheless we keep wondering how China and India in the long run and for the sake of their own societal peace will manage to share their new wealth and power with major strata of their own societies that do not yet participate.

6. Will EU reinforce the common — and sometimes shaky — front against the Kremlin over its encroachment in Ukraine?

In 2014, the annexation of Crimea by Russia was immediately followed by the Ukraine – EU Association Agreement. In 2017, Ukraine announced to put NATO membership to a referendum, stating that Ukrainian public opinion in favour of the membership had risen above 55 %. NATO membership has been a critical issue for Ukraine since the Charter on a Distinctive Partnership was signed with NATO in 1997.

The relationship between the EU and Russia is extremely complicated for historic reasons. The EU as well as NATO included a large number of states that rose up against the hegemonic control of the Soviet Union in the early 1990s. German reunification was a result of the former GDR rising up against communist rule in 1989. NATO derives its origin from the cold war between Russian dominated Eastern Europe and Western NATO members, and there are further issues. The EU and Russia have conflicting interests in other parts of the world, last but not least the present war in Syria. Ukraine's geographical position has made it part of the contest, formerly as an individual state beside the Soviet Union and part of a communist bloc, then, since the fall of the Soviet Union, as a sovereign state between Russia and Poland.

In the EU, there is a high awareness of Russian sensitivities being at stake even though a thorough understanding may lack. It is to be expected that the EU will tread carefully as far as the conflict between Russia and Ukraine is concerned and closely cooperate with NATO.

7. *How do you look at the post- BREXIT Europe with the EU embarking on difficult talks to usher the U.K. out of the club and President Donald Trump questioning the bloc and U.S. guarantees to trans-Atlantic security?*

As a continental European, I am not in favour of BREXIT. I believe it to be a mistake because I find the decision inconsistent. The low voter turnout among the young generation was followed by public remorse in this same group. In addition, too many of those who voted seemed to have little knowledge about the implications. To me the vote seemed based on perceptions that rated differences between Britain and continental Europe higher than the common ground shared by members of the European Union. In that sense, the BREXIT decision is a setback for the European Union. From an economic perspective it may turn out less problematic for the EU than for the UK. It may even facilitate some of the European projects pending for several years now such as a common foreign and defense policy.

As far as the US is concerned, President Donald Trump has gained a reputation for a communication style that ignores the merits of diplomacy as well as factual knowledge and circumspection. For a long time, the president made it clear to the world that he was not convinced that NATO is a guarantor for the security of the US or the Atlantic alliance. He affirmed the NATO principle of collective defence no sooner than July 2017 when he visited NATO ally Poland. As a consequence, Europe had to realise that the era of paternalistic protection by the US has ended and that it must take its fate into its own hands as German Chancellor Angela Merkel propagated. The EU matter is a different one. Trump's policy seems to aim at polarising among the EU member states. It shows no sign of considering the EU a partner for the US. Instead, he endorsed BREXIT and he threatens the EU with tariffing steel imports, for example, addressing Germany in particular. At the same time, he woos the Central and Eastern European *Three Seas Initiative* by pledging US support to develop a free energy market there.

Both the BREXIT decision and the recent presidential elections in the US mark a new framework for European external relations and Europe is still in the middle of sorting out the consequences. Europe needs to head for a renewal in several of its policies. I believe that the basic European belief system which is at the origin of European integration since WW II will not be affected but it needs to take the grown diversity of united Europe into account.

8. *Something new is happening in several European countries: slowly but surely, citizens are taking to the streets or the Internet, or both, in an attempt to counter the antiglobalist, Euroskeptic, and anti-immigrant messages of far-right populists and nationalists. The refugee crisis and the populist backlash that followed have transformed the political landscape in Europe. Your observations.*

In 2000, the EU adopted the Lisbon Strategy (2000) which ambitiously aimed at developing Europe towards "the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion". I wonder whether this triggered a development that saw the EU losing touch with citizens who felt that they would not be able to meet these new standards and the societal changes involved. The adoption of the Lisbon strategy was almost immediately followed by the considerable enlargement of the EU towards the East and, shortly after, by the failure of the ratification process of the European constitution. I believe that these plans were too ambitious to be successful within such a short period of time.

The financial crisis that followed in some of the European member states, i.e. Greece, Spain and Ireland showed a huge imbalance between the economies of the European member states. The refugee crises added to it, putting a burden especially on Greece, Italy and Spain due to their geographical position. All of a sudden, fundamental values of what solidarity within the EU should look like were at stake. Right-wing populism emerged or resurfaced in many countries and governments including Hungary and Poland and put basic democratic values like press freedom and independence of constitutional courts at stake.

An opposition has formed against this development promoting solidarity and democratic freedoms, and condemning hate speech and nativism. The BREXIT vote for independence from the EU and the election of US President Donald Trump have served as a wakeup call for Europeans who took the post-war world order for granted and have now realised that they need to stand up for their beliefs. The movement has shown effect in the recent elections in the Netherlands, in France and in Germany at the federate state level, at which pro European governments were elected due to a high voter turnout.

9. Sentiment has turned against the EU and its institutions and therefore 'more Europe' is no longer the acceptable answer. Brexit was just the first warning sign in 2016. Whither EU ? is the predominant question facing the continent. Your comments.

The EU has seen setbacks because it tried to do too much too soon. The EU enlargement by almost doubling its size gave it too many institutions. I compare it to a dinosaur hardly able of carrying its own weight. Adopting a constitution and a more functional organisational structure would be an adequate step. This cannot be realized immediately but a new effort should be envisaged.

"More Europe" is often equaled with "more common regulations". In my view, "more Europe" could just as well mean "more of the founding spirit and momentum" of the early foundation of European institutions. Remembering what it meant when only six

years after fighting a world war against each other, Europeans founded institutions to which they conferred some of their powers could help to find a new approach to European integration.

10. Europe is fragmented and polarized and faces significant domestic and international constraints and victory of “Macron offers a chance for an EU reboot by giving new energy, credibility and oomph to the European project.” How far do you agree?

I would call Europe diversified rather than fragmented. Never before in history had Europe reached the degree of unification it has today. Considering its size, differences in views and conflicts of interest are part of the democratic process. However, the power structures in the EU can be paralysing and need remodeling so that the EU can adopt a formal European policy and pursue it globally. French President Macron stands for a new start to the European project.

President Macron is a charismatic leader and founder of a new political party that achieved a triumphant victory over all established parties and he became the youngest president France ever had. Contrary to US President Donald Trump, Emmanuel Macron was part of government circles prior to his candidacy for President and he catches attention for his knowledgeability, analytical judgement as well as his social and political skills.

Long before Macron was internationally recognized and ran for presidency, Europe discussed the possibility that right wing Marine LePen could win the French elections and become President of France. The fact that Macron was able to beat her as well all other candidates was a relief for many. In addition to this, Macron takes up a strong pro-European position. This is an important starting point for Europe to make a new attempt at defining its identity and building functioning political structures. In my view, there is no Europe without France, last but not least because the foundation of the early European institutions trace back to French statesmen such as Robert Schuman and Jean Monnet.

(July 9th, 2017)

Articles

1) **Stabilising Europe's Southern Frontier: A Political Economy Enquiry**

Hartmut Elsenhans

(Hartmut Elsenhans, professor emeritus at Leipzig University, Germany. He specialises in the economy and the history of the capitalist world system with extensive empirical research on development and underdevelopment, rent and state in under developed economies with state classes, North South relations between imperialism, capitalist transformation and globalisation, and the social and economic history of capitalism and its social movements. He has taught before Leipzig University in Berlin, Frankfurt, Marburg, Constance, Montréal, New Delhi, Mangalore, Dakar, Lisbon, and Salzburg. He did empirical field research in Algeria, France, India, Bangladesh, Senegal, Mali, and Vietnam. He participated in the launching of European Union studies in India. His work has been published outside the industrialised world in 10 languages, in Algeria, India, Bangladesh, Pakistan, Sri Lanka, Korea, China, Taiwan, Turkey, Jordan, Egypt, Tunisia, Mexico and Brazil. He follows a political economy approach on the basis of heterodox basically Keynesian economics.)

He has recently published: *La guerre d'Algérie 1954-1962. La Transition d'une France à une autre. Le passage de la IV^e à la V^e République* (2 vols.) (Algiers: Dar el-Kitab el-arabi, 2014), *Saving Capitalism from the Capitalists. A Contribution to Global and Historical Keynesianism* (Beverly Hills, Cal.; London; New Delhi: Sage, 2015) (with Rachid Ouaisa, Sebastian Schwecke, and Mary Ann Tétreault, Mary Ann: *The Transformation of Politised Religion: Zealots Turned into Leaders* (Aldershot: Ashgate, 2015), *Fachelfiransa fi al-djaza'ir* (Algiers: Casbah, 2016), and with Salvatore Babones: *The BRICS or Bust* (Stanford, Cal.: Stanford University Press, 2017)

1. A potential superpower without a supportive periphery

Europe faces accelerating challenges in its foreign policy as well as its international political and

economic embeddedness. The European vision of a world order based on law with all relevant members respecting legal arrangements has lost credibility while the reliance on the United States military commitment for safeguarding such an order is no longer tenable. The incongruence between the dominant European understanding of world politics and reality can no longer be denied.

The shaky adherence of the European powers to an end of hegemony is being laid open: forget multilateralism, multipolarity is on the agenda. Not only is there the rise of China, but also the American re-adjustment in deciding that it has to attend primarily to its own interests instead of providing for an international order. Other powers will follow: India, Russia, amongst others.

In their areas of predominant influence, the bridgeheads of Europe no longer work as instruments of stabilisation. The Arab Spring has demonstrated that the secular nationalists with European socio cultural leanings in favour of the rule of law, democracy, and the European concept of a civilian civil society, have been isolated. The wave of fundamentalist identitarian political movements have not been kept under control by these Western-orientated bridgeheads, rather they have been precipitated by decaying secular state classes which adopted repression, clientelism, and even, torture. Sub-Saharan Africa, which at the end of the Cold War sought to maintain the flow of resources from the West, especially Europe, by fully embracing the discourses of 1776 and 1789, have discovered new sources of income from the rise of China and India, who have entered their resource intensive stages of economic growth and are ready to provide economic rents of all sorts to governments ready to grant concessions for the exploitation of their natural resources (Sinha 2010: 77, Six 2009, Cheru 2010: 3f.). With these new economic resources, many of these governments discover the charms of their past repressive political regimes.

Some of these challenges have been introduced by the Europeans themselves. Western theorising of the conditions for removing poverty in the Arab world but also in sub-Saharan Africa reflected less an enquiry into the needs of such processes, more so Western academic and

political interest in finding supportive ideological arguments for themselves in the internal class wars of big business against labour (according to business, labour had become too powerful in the wake of World War II). The neoliberal offensive consists in re-dimensioning" labour. The failure of the state classes (the vanguard class of the state apparatus)the secular nationalists had brought to power during import substituting industrialisation was interpreted as the result of elites failing because of ill-discipline; the Americans and Europeans were often helpful in undermining discipline in the name of the "market efficiency" when privatisation and cost saving benefitted Western interest. The weak strength of profit because of low mass demand and therefore investment spending - the cause of weak profits according to Keynes and Kalecki (1942) -was never seriously discussed in the power holding Western cenacles on development policies.¹ That countries would rise which did not follow the Western path was not really taken into consideration: Until China became a large buyer of African raw materials, China bashing was concentrated on the threat of China's cheap exports for Western jobs.

Rarely discussed in the United States and Western Europe is the inevitable emergence of a new order - multipolarity. In the large number of contributions from mainstream economics on cheap labour in China, missing is the crucial argument that *real wages in China, and now in India, are much higher than the international cost of their labour* if measured by their purchasing power on the world market (Guillaumont and Jeanneney 1996, Gu 2010, Xing 2011: 1-8). A country capable of producing food surpluses, as in cases of success in the Green Revolution, is able to devalue its currency below purchasing power, this still remains largely unknown.² The conditions of international competition have largely been misunderstood: in a recent conference of an important think tank in Germany on the new challenges of the world economy, the issue of accelerating employment and economic improvement for the poor in order to limit the need

¹The basic relation between profit and national income in a Keynesian perspective which integrates Rosa Luxemburg is determined by the impossibility for the capitalists to increase their consumption beyond certain limits determined by competition, and the level of average incomes and the spending on net investment by capitalist entrepreneurs, Elsenhans 2015e: 7-10

²Such that are cent presidential candidate in Germany argued that the exchange rate did not matter much

of exporting on the basis of an undervalued currency was deemed unworthy of discussion. This is in Germany, a country which built its economic miracle exactly on the bases of strategies China has followed in the last two decades.³

Europe enters a new configuration of the international system with little intellectual preparation and an academia which stubbornly refuses to adjust; a predicament described in Kuhn's (1962) analysis of the blockage of paradigm change by established intellectuals and their tribes. This makes Europe especially vulnerable to the challenges it has to face in a period of rising multipolarity with major powers constituting around themselves peripheries on which they base, as regional powers, their claim to a prominent place within the concert of new powers - which may be constituted as nations, but are in reality not nations in the traditional sense.

In contrasting the new powers, the limited possibilities of Europe in creating supportive peripheries has become discernible. I am explicitly referring to the regional relationships with the Arab world at the north of Africa. These are not comparable to the ones Brazil can undertake with its immediate neighbours, United States on the North American continent and the Caribbean, India in South Asia looking into South-east Asia, or China orienting itself to re-occupying its role at the centre of an East Asian sphere of common culture and economic interdependence.

Europe will continue to maintain close relations with the United States and act as a junior partner, but can no longer rely on the United States for defending its interests, as the agenda the United States are defending is larger than Europe's. At its eastern boundary, Europe is directly facing Russia who also intervenes into the internal affairs of its neighbours, even if this near neighbourhood finds close contacts with the EU more attractive than with Russia. Regardless, this periphery is very small in relation to the masses of population which surround China or India or even the United States with its global access to Latin America.

³World Economy in Disorder, Europe in Crisis, Challenges for Germany, Friedrich Ebert Stiftung, Berlin, 24 May 2017. Cf. also Horn 2011: 254, on Chinese undervalued currency.

The Arab world at its southern frontier lacks dynamism in the realm of the new economic frontier of increasing division of labour in manufacturing. The Arab world plays the role of gate-keeper in the relation to major parts of sub-Saharan Africa but also in the possible relation of Europe and India. Given the importance of China and the Chinese-American link, Europe as a weak regional centre with respect to security matters could relate to South Asia: Both regions are relatively marginalised with respect to the developing central area around the Pacific Ocean.

For acceding to the new multipolar environment between major powers, Europe has to find a workable relationship with the Arab world and the southern shore of the Mediterranean which could open new avenues for economic exchange no longer limited exclusively to the supply of petrol. This would require, however, an association with a more politically stable Arab world.

2. Hurdles for prioritising the Arab world in European dealings with its periphery

Although some authors like to insist on the conflict between Muslims and Christians, the so-called Clash of Civilisations, I consider this as secondary. One should never forget that the French extreme-right wanted to integrate about 10 million Algerian Muslims into the French nation, notably a policy of the father of the right-wing extremist leader Marine Le Pen (Le Pen 2009: 310-313). From a global perspective, Islam and Christianity/Judaism are much closer to each other than all other world religions. Their God is almighty, knows everything, cannot be cheated, and sits in ultimate judgment at the end of history.

I see two major obstacles in Europe coming to terms with its Arab neighbours: the necessary consequences of a shift in the internal balance of power within the EU and high barriers inside the EU for understanding the requirements for increasing employment and production in the countries on the southern shore of the Mediterranean. This reinforces obstacles for intensified economic operation especially in those countries which politically would benefit from a rebalancing of the EU to its Southern neighbourhoods.

The fall of the Berlin Wall has given a new centrality to Germany within the EU, increasing its

population and finally its economic weight, making dependent on it, at least economically, its eastern neighbours. Most of them in comparison to Germany and to West European members are small states e.g. Slovenia, Czech Republic, Lithuania, etc., with the exception of Poland (still less than half Germany's population).

The economic weight of Germany within the EU can only be made politically important if Germany is ready to reject compensating political pressures especially from its Western neighbours. A greater centrality of France in the EU would contribute to toppling the German pretence to dictate to the southern countries of Europe the economic strategies they have to follow with respect to price stability and growth. That potential greater centrality of France in the EU is not lost on the French leadership currently as they seek to fill the void left by an exiting UK. The German concept of expanding the EU to the east and becoming a sort of privileged ally for a diminished Russia has come and gone because of the military recovery of Russia and the Russian attempt to regain influence on its near neighbourhoods.

The frontier compatible with any increased weight of France and its South European followers and an end to austerity will not be accepted by the conservative German government enthusiastically, but may be forced to in case of the success of the new French president, Emmanuel Macron, in rallying the support of the southern Europeans and associating the political forces in Germany which are more critical to the necessity of austerity. This implies future large internal tensions in the German Christian Democratic party. France will prevail, however, because a German political leadership position in Europe, even if initially superficially accepted by some political forces in neighbouring countries, is highly unstable as it is easily delegitimised in case of crisis due to the shadow of Germany's past.

The second obstacle consists in the acceptance of policies in the Arab world which are efficient in removing underdevelopment, mass unemployment and poverty. The Arab world is not poor. Since the oil price rises in the early 1970s, huge amounts of money have flowed as differential rents into government budgets across the Arab world. Much of it has been spent on military equipment but the amount of money invested into the purchase of plant and

equipment for industrial production has also been tremendous. The result has been at best ambiguous. None of these countries has reached comparative levels of industrial linkages as China, India, but also Thailand or Indonesia, not to speak of the newly industrialising Tiger countries of East Asia.

Developing the Arab world is not a question of the availability of financial resources. The discussion about Dutch disease (Sid Ahmed 1989: esp. 64ff) reflects the fact that some countries of the South have been too rich to prosper (Manon 1992). Any attempt to change this pattern requires abandoning the neoliberal concepts of managing the economy in order to control, channel, and protect the economy from rent (economic surplus secured from closed or rigged markets, more in chapter 3). The treatment of rent is not very developed in actual mainstream discourse in the West.⁴ In order to succeed in the Arab world, the EU will have to overhaul its entire intellectual system of managing its partners on the southern shore of the Mediterranean.

As long as decision-makers in the EU continue to consider that the question of its own periphery is secondary, there will be no drive to learn from the mismatch between its accepted idea(l)s and actual reality. For as long as German leadership relies on its comfortable economic position at the global level, learning will continue to be discouraged. The adoption of violence by Islamist movements in the Arab world may, however, contribute to accelerated learning in the northern part of the EU: with minimal violence and only refugees, northern countries assumed that the southern European countries were responsible for meeting the challenges emerging from the instabilities and crises of the Arab world. It is a sad truth, already elaborated by Karl W. Deutsch (1963: 268), that learning becomes more probable if threats are looming than when the powerful are comfortable in their position.

Terrorism indicates that something has gone wrong in the South. Doing nothing will lead to the

⁴Neoclassical economics outside Algeria share a restricted perception of rent, represented in the United States by the work of Terry Lynn Karl(1997) and Miriam Lowi (2009) who concentrate on culturally conditioned "misbehaviour" of the elites, without the precision in economics in their work, present in the case of Abdelkader Sid Ahmed (1986, 1991), and without much knowledge on what has been written outside the restricted circles they are familiar with.

ultimate danger of dependency and social crisis in the Arab world with many more refugees than before and much more entrenched structures in the Arab world which further block change. Mainstream political tendencies will be discredited because of their failures to engineer change. The ultimate horror scenario may be characterised by all inherited ideologies being discredited and all relevant mechanisms for management of the economy totally destroyed, leaving economies and societies atomised, without the mechanisms of interlinking, as was during the colonial system, described by Mostapha Lacheraf (1965: 323).

3. On rent

The actual academic and political discussion on rent is severely biased. What is considered as rent are only those types of politically appropriated income where the underlying market imperfections are considered as politically reprehensible. This system is defended by those who view a "reasonable" degree of market failures and support a thwarted competitive system. Thus, monopoly profits based on high barriers to entry or rents based on politically recognised property rights, like in the case of the TRIPS and links to financialisation, are not discussed as rents when they should be. It is implicitly assumed that such incomes are not really rent because they contribute to capital accumulation and thus allow technical innovation. Rent-seeking is identified with economic agents who are not assumed to contribute to technical innovation or capital accumulation: working classes which try to secure their share in productivity increases are accused of rent-seeking when they impose higher wages (Kampeter 1995: 236, 1997: 114), as also underdeveloped countries which raise the price of their raw materials without ploughing back the acquired additional money into raw material investment for lowering raw material prices. "Traditional elites" do not expect contributions to the funds which, in the future, will be available for the ruling classes in the West and their bridgeheads in the South.

There is a tendency to consider any surplus accruing to private companies as profit, and any other surplus as rent. Indeed, for capitalist enterprises there is no difference in usefulness of any surplus, whether rent or profit. Capitalist enterprises are not trying to maximise profit, as

the income earned under perfect competition on markets, but as surplus, even if earned as rents on the basis of market imperfections. Capitalist enterprises consistently strive to create market imperfections in order to increase the surplus they can get hold of.

Macroeconomic Keynesianism provides another definition of profit (Kalecki 1942): as profit is appropriated on perfect markets it depends on the creation of demand which results from spending on investment. Only if there is spending on investment goods can the producers of consumption goods sell their products at a higher sum than they have spent directly and indirectly on labour employed along the chain of production. Only if there are workers whose costs had not been borne by the producers of consumption goods, can there be such additional income available for the purchases of consumption goods and not paid by the consumption goods producing enterprises. Wages paid in the production of semi-products, or in the production of equipment replacing worn out equipment, or paid from taxes of enterprises to the state, are costs of actual production and not surplus. Only wages paid in the production of export surpluses over imports, government spending above tax income, or wages paid in net investment production, constitute such an additional demand not financed by the producers as their costs. Permanent export surpluses and rising government debts are not sustainable as they imply either spiralling public indebtedness or indebtedness of the rest of the world (Elsenhans 2006: 41).

Any new investment above amortisation requires either increasing wages in order to justify additional outlays on equipment (reduce the total of labour employed by combining more expensive equipment with then more efficient labour) or increasing production (at constant wages any new investment reduces unit costs).

In the case of a loose definition of profit, to the difference of the Kaleckian argument, many incomes are considered as profit which in reality depend on market imperfections and therefore are rents. The basic characteristics and foundations of profit here are obscured. Especially, for such disguised rents, the argument does not hold that they cannot be redistributed in favour of labour. Rents are not necessary for accumulation, to the difference of profits which take their

origin in capitalist spending on net investment. By considering rents as profits under such conditions, the critique of tendencies in the actual evolution of capitalism is blocked and the basic progressive structure of capitalism (which Marxists fail to recognise) no longer holds.

Spending on net investment is dependent on expanding markets (Elsenhans 2011b: 10-18, 2011a: 30-38). Rising mass incomes trigger off net investment spending. Net investment goods production creates incomes used for consumption by the mass of the population in excess of the costs for wages in consumption goods. This creates the conditions for profit in consumption goods production, and indirectly also in investment goods production because no investment goods producer would hesitate to enter consumption goods production if in consumption goods production the profit rate is permanently higher than in investment goods production. In capitalist economies, the investment goods producers are the depositories of technical innovation and technical knowledge. Rosa Luxemburg (1923: 97. 116) has involuntarily shown that expanding mass markets, i.e. empowerment of the working class, is the condition for accumulation by the capitalists, and if she had not reviled capitalism as much as she did, she would have been the first to discover the centrality of rising mass incomes for capitalism.

Profit does not depend on the availability of resources. Algeria is a good example, where there is much surplus available, but where no profit exists in the private industry. Net surplus, as defined as “excédant net d’exploitation” in Algerian national accounts, has been 8.2 trillion DA (average 2010-14), of which 4.8tn went to the private sector, 3.6tn to the private non-agricultural sector, and only 0.24tn to the private manufacturing sector, hence less than 7% of all surpluses accruing to the private non-agricultural sector went to manufacturing. Algerian data does not give reliable figures for the capital stock in manufacturing (Elsenhans 2016a: 404).⁵ The manufacturing industries, in any dynamic economy the source for innovation and skill formation, does not generate in Algeria profits on which to base capital accumulation. The profit rate on average, therefore, has to be low. Where investments occur, they are not triggered

⁵The substitute of fixed capital consumption (Consommation de fonds fixes) gives inconsistent figures for the relation between surplus in these industries and capital consumed.

off by industrialists reacting to mass demand increases by improving for themselves local capacities in investment goods production; they have to react to some special incentives e.g. government schemes which overcome rent-based patterns of production.

Given the low profit rate, private, market-induced investment in the manufacturing sector will be low, as return on money elsewhere remains much higher. In Algeria, speculation in housing and land, construction, trade and services are much greater, with services of different sorts including commerce earning 1.6 tn, and transport 0.7 tn (together about 72% of all surplus outside government and agriculture). An important share of this surplus goes to the self-employed but still 62% of the surplus available for accumulation is earned in commerce, transport and the different categories of services (Elsenhans 2016a: 404, Tab 3, column N).

The explanation of rent as the result of political behaviour of failing elites is relatively universally accepted, because it allows deducing undesirable behavioural patterns in emerging and developing countries from socio cultural factors. Such explanations agree with the dominant cultural turn in social sciences and institutional economics. Shifting to cultural factors allows for the assumption that allegedly pragmatic approaches to improvement can be developed (a practise social science departments in Western industrialised countries have become increasingly specialised in since abandoning political economy). Such approaches to improvement are acceptable in the South because they do not conflict with ingrained interests. This allows political and social scientists to write long contributions about diffusion of cultural values and methods of improving behaviour by education, both methods largely appreciated by the elite schooled middle-classes in the South as in the West.

This line of reasoning seeks improvement in social, cultural and political domains, instead of establishing the economic and social conditions for the emergence of profit. It forms the basis of the proposal for increasing civil society contacts between Europe and the countries on the southern shore of the Mediterranean in the Barcelona Process (cooperation launched in 1995 between the EU and the countries of the southern shore of the Mediterranean). After 20 years of this cultural turn, the results are not encouraging. However, the disappointment should not

come as a surprise, as it is in line with the failure of transforming the values of so-called bureaucracies in the South by the well-intended attempts of United States administrative departments in the past (Caiden 1969, but also Frank 1963).

The alternative view consists in mobilising resources in order to bring about the maturing of conditions for capitalism in the productive structure of society from which appropriate behavioural norms in regard to the economy will emerge. The cultural turn theorists wanted to promote norms through education, such as ploughing back profits, which would build up resilience against corruptive practices and acquiescence into the inevitable character of market competition (Elsenhans 2004b: 92ff.).

4. On the political economy of the absence of the conditions for capitalism and profit in underdeveloped countries

Development theory, and especially the view of the oil countries about the conditions of development, have largely overstressed the importance of financial resources. Early on Indian historians have praised the "wonder that was India" (Basham 1954). The richness of India had been proverbial for unrefined European consumers until the 19th century. Luxuries had been demarcated in France and Britain with the label "chinoiserie", Chinese products, and copied by European industry, with the intention to produce some more cheaply, even if they were relatively clumsy. From the outset standard development theory was largely marked by surplus labour theory. Underdeveloped countries had a surplus of population, but also a surplus of financial resources which were not used for local investment triggered off by market forces (Lewis 1954). An Indian academic observed early on that rarely a project in India had failed because of a lack of financial resources, but due to a lack of profitability (Bagchi 1972: 20)

Given the microeconomic orientation of bankers, and the dependence of the Bretton Woods institutions and bureaucrats in many development agencies on financial resources for investment, the simple fact that the transformation of the economy is realised on the basis of the mobilisation of local labour is rarely perceived by the very agents entrusted with the Western project of world development and the transition of the world to a capitalist one. This

mobilisation of labour is facilitated under capitalism by the homogenisation of available labour with respect to income and skills.

Pre-capitalist societies are invariably characterised by a multitude of exploitative arrangements: apprentices recruited from the larger family by small enterprises, rural labour being remunerated by the right of access to some tiny plot, bonded labour, even slavery, etc. The details of the economic segmentation of such labour depended on the particular relation with the Lords and other privileged ones. Labour could therefore not flexibly adjust to new economic opportunities. That is still the case in many of the non-capitalist structures off the southern shore of the Mediterranean. Anybody owning an asset, be it a small shop, will not give up the asset just in order to benefit from a higher income if this higher income is not much more advantageous as the previous lower but safer existence. The principle applies to small-scale agriculture. Any investigation into the economic situation of the poor shows a large heterogeneity of remuneration, even with highly divergent remunerations in different activities and the better paid jobs being very limited.

Under capitalism, however, labour emerges as a relatively homogeneous class if compared to non-capitalist structures or in the transition to capitalism. This homogeneity is not the result of converging productivities, but scarcity of labour (Salter 1960:161). Supposing the economy is characterised by high levels of employment and assuming that an entrepreneur has made an innovation either by discovering a new product which sells well on the market or by discovering a new technology which allows a reduction of unit costs of production considerably. Our entrepreneur will enjoy an above average profit rate and can achieve this profit rate by investing his additional earnings in his new production line. He will attract additional labour from less remunerating activities by offering higher wages or better working conditions. He will do so as long as he does not face declining prices for his product because of saturation of the market. Hence, at some point, the tendency to offer higher than average wages will evaporate. On the other side, those less remunerating activities where hitherto labour was employed will lose labour and have to reduce their production. Decreasing supply will lead to the queuing of customers if prices do not increase for the respective product. Entrepreneurs of

the non-innovative activities will feel that they also can pay above average wages. They will be ready to keep as much labour as possible by also offering higher wages. Wages under capitalism converge, as do profit rates by a similar movement of capital between activities.

Wage increases are based on average productivity increases, not on branch-specific productivity increases and benefit labour in all different activities provided that labour is scarce (read: high levels of employment). Remaining differences in remuneration are not based on increases in physical productivity, but on the readiness of labour to engage in more tedious and burdensome activities, based on somewhat higher wages.

Small changes in the level of specific demands lead to rapid and very flexible adjustments of the employment of labour in the different activities and the employment of capital in different branches.

The absence of flexibility of labour in underdeveloped countries is not the result of sociocultural factors even if such factors may render inflexibility more resilient (prolonged exposure of people to power-based structures of employment will make labour hesitant to react to better earning possibilities). Low flexibility, just in parallel with the weakness of profit in underdeveloped structures, is the consequence of structural heterogeneity (dispersion of factor productivities and factor prices). Homogenisation of factor prices and, as a result, factor productivities is the result of levels of high employment on factor markets, expressed as scarcity of labour. Flexibility can emerge if there are high levels of employment for periods long enough to be habit forming.

It is clear that capitalist profit and flexibility of labour can emerge in underdeveloped economies only in the case of far-reaching social and economic reforms which lead to high levels of employment. I cannot discuss in this contribution the necessary measures and the appropriate strategies (Elsenhans 1975, 2016a).

The basic cause of the blockage of mass incomes in underdeveloped economies is marginality of labour (Elsenhans 1994: 394-401, 1995: 194-199), i.e. a substantial part of the locally available

population being unable to earn even as much as required for its subsistence. Agriculture is characterised by diminishing returns due to the limits of availability of productive land, the necessity to extend cultivation to less fertile land and/or the necessity of intensifying labour use on available plots with limited additional production in case of increase of employment. Without very high technical breakthroughs, additional product per additional worker decreases. This blockage occurs even in the case of a surplus in agriculture produced by some highly productive labour on very fertile land. Consequently, despite the possible existence of an even large surplus, there is no empowerment of average skilled labour and no possibility of "underdogs" being able to check the tendencies of the powerful to enrich themselves and enjoy the fruits unhindered of a surplus. The powerful orient the productive apparatus to their relatively sophisticated needs i.e. niche products (for which local investment goods production is almost impossible).

At high demographic levels and limited access to land for the poorest in society, the poor cannot overcome threats to their living by turning to subsistence agriculture. In case of unequal distribution of incomes and low mass incomes, they cannot be used for producing simple non-agricultural products which would be in demand from the low-income masses: If there is no political mechanism for using the agricultural surplus for the poor's upkeep, or if this surplus is small, they must be able to produce goods which are competitive on the world market for earning their subsistence. Competitiveness becomes more difficult if there is a highly remunerative export product which pushes the exchange rate to a level where all or many other activities outside this sector are no longer competitive, as already mentioned (Dutch disease).

If the poor cannot increase their incomes because of their mass, the available surplus, however, does not simply disappear. As capitalist entrepreneurs cannot invest because of a lack of demand, those who have the possibility of using political power for appropriating surplus will obviously try to appropriate these resources. They will use political power, but also market imperfections, and property rights in some assets for increasing their access to those roaming around surpluses. They will use them for a variety of purposes, spending on luxury or increasing military expenditure of the governments from which they handsomely earn, perhaps

also development projects. It takes political will to stop most of this spending going on imports but instead on local investment goods production.

The rentier buttressed elite will get away with the spoils because in the absence of high levels of employment, the underdogs tend to prefer cliente list dependency from the powerful to the difficult and fraught creation of large class organisations. Class organisations are weak and disorganised in the South as shown by the Arab Spring where direct action prevailed over long-term political activism. The political dynamic is different in rent-based societies compared to capitalism as a result of the wide economic cleavages.

5. Why economic surplus did not lead to capitalism

Underdeveloped economies are distorted, as the critics of modernisation theory like to contend, but nevertheless they are still technically behind. However, they are not uniformly behind in technical matters (Nohlen and Sturm 1982: 95, Elsenhans 1996: 94f.). Productivity in most branches, especially the ones caring for local mass needs, may be very low in relation to the leading industrialised countries. This will be reflected by differences in real wages, as (low) productivity in wage goods production largely determines real wages rates. But in some production lines labour productivity may be relatively high in relation to industrially leading countries. Historically this was the case for raw materials with two different configurations: the emergence of differential rents and the possibility of market regulations with control of supplies.⁶

Depletion of rich deposits in leading industrial countries had to be met by the exploitation of low-grade deposits or the search for new as yet untouched rich deposits abroad (with historically massively declining transport costs, (North 1958, Jacks and Pendkur 2010: 745-748). Earnings were even higher when industrial countries productions where kept working for satisfying total demand. Third World productions at that time yielded a differential rent.

⁶ Cf. Samir Amin (1973:186) on the growth-blocking transfer of the system of relative prices prevailing in the West

As capitalism grows on the basis of increasing mass consumption, technically more advanced economies should have made relatively high progress in productivity increase in more recent products compared to less advanced countries in older products. Similarly, the technical lead should be higher in manufacturing than in agricultural production. The initial specialisation of the less advanced countries in agricultural products should be considered as normal.

Under perfect competition, cost advantages in mineral raw materials should tend to disappear if high cost production sites are closed. Similarly, prices of agricultural products should tend to decline in relation to industrial products if economies specialised in agricultural products are not able to shift to new exports in case of high levels of supply in these products.

Both categories of raw materials are facing a price and income inelastic demand because capitalism since its inception but nowadays even increasingly, for economic reasons, is saving on raw materials so that the amount of raw materials per unit of GNP produced decreases (Scrivenor 1854: 312, Clough and Marburg 1968: 20). After a short period of transition from barebone consumption to still low levels of consumption, households reduce the share of primary products in their total consumption as their incomes rise. These mechanisms are the basis of the complaints of the Global South about exploitation by the North and resulting underdevelopment.

The period of Third World solidarity - following the Bandung conference of 1955 and political decolonisation materialised in the demand for a conference on trade and development (UNCTAD, institutionalised in 1964) - supplied a political platform for the Third World to claim available rents. This ultimately led to the oil price hikes of 1973 and 1979.

These price hikes were successful because of the collusion of major oil companies and the United States (Elsenhans 1974: 21). The United States were interested in reducing their dependence on cheap Middle Eastern oil in order to profit from new sources of conventional hydrocarbons in politically safe regions, without losing competitiveness to Japanese and European firms. For this to happen oil had to become expensive also for the Europeans and the Japanese.

The industrial West under the leadership of the United States, but also supported by the Soviet bloc at the time (Knirsch 1978: 103-107), succeeded in thwarting the strategy of the newly decolonised South of raising raw material prices, as formulated in the international programme for commodities, part of the so-called New International Economic Order (NIEO).

The countries of the southern shore of the Mediterranean were among the relatively restricted group of countries which benefited from raw material price increases, because they were either themselves oil countries, or they were supplying goods and especially labour to oil countries. Oil countries launched expensive programmes for economic modernisation, mainly infrastructure.

The appropriation of rent provided the oil countries with high foreign-exchange incomes. These incomes could be used for investment without pre-existing demand, provided that the governments intervened into the economic process by spending this money themselves or by subsidising highly private investors for proceeding to not yet profitable investment.

Inter-industry linkages were difficult to establish on paper and more difficult to realise in day-to-day management of the running and creating of the new plant. With the presence of oil incomes, decision-makers could always solve problems of non-availability of already promised supplies from local partners by turning to the world market, very often to their suppliers of technologies (Boutaleb 1981: 31). The crisis of the Boumedienne experience in Algeria is full of cases of this type (MPAT 1980: esp. XVf. Elsenhans 2015b: 8-12).

The hoped-for result was a shift to self-sustained processes of industrialisation. Success depended on the expansion of local demand for products, the manufacturing of which rapidly would trigger off the local production of technology so that employment multipliers would manifest, resulting in further employment and further income creation. Without such a local expanding demand for products technically in the reach of the newly created industrial plants, the various projects remained isolated and often underutilised.

As the oil rents were available, such failures were economically possible. They were also

politically tolerated, as all managers of the state-led development process had similar problems and were united in their solidarity of suppressing the failure of anyone among them in order to protect themselves. The state classes, which had emerged for centralising the appropriation and allocation of rents, turned into de facto repressive structures. Depending on the local power relations, they negotiated an acceptable distribution of the incoming rent and defended their power on the basis of toleration from the dependent poor and secret service surveillance of their populations.

Any EU strategy aiming at changing the dynamics of the southern shore countries of the Mediterranean (Algeria, Tunisia, Libya but also Egypt) have to reckon with the dominance of this state class: its anti-democratic instincts, the weakness of private business which could be independent from government favours and the “atomisation” of the lower strata of society.

The disempowerment of the lower strata and of national business is reinforced by the fact that neither local labour nor businesses are competitive on the world market. The raw material rents allowed an exchange rate totally disconnected from the productivity of labour outside raw material production. Therefore, there was little economic diversification and hence scant learning-by-doing.

It is improbable that within the framework of a general loss of trust and organisational capacities of the underprivileged, and the cynicism of those who have still access to the rent, that any European pressure for returning to the old model of the still idealistic state classes will occur (Sklar 1967: 8). The moral commitment of the first generation of leaders with their origin from the national liberation movements is irretrievably lost. The solution of a return to an egalitarian pattern of development can be discarded. It would imply investing rent in a productive apparatus turned to mass needs, with high levels of employment by manufacturing for mass consumption on the basis of initially even imported technologies which can be mastered, reproduced and improved despite the initially still low levels of technical expertise of the local workers.

Hence, the EU has to make such a strategy possible for the countries of the southern shore of

the Mediterranean which had been blocked by the raw material price increases of the 1970s i.e. export oriented manufacturing. As the West succeeded in practically erasing all rents from raw material products except oil, the comparative cost advantage of the South had to shift to simple manufactured goods as here productivity lags in relation to the developed world had been lower than in more complex products.

6. Export-oriented industrialisation on the southern shore of the Mediterranean: Conditions and difficulties of its realisation

The failure of state class-led import-substituting industrialisation made regimes on the southern shore of the Mediterranean open to accepting Western assistance, even if this assistance was conditional on the opening up their economies. This corresponded to the idea that the failure on the state classes was the result of a lack of market competition. Because of the lack of mass demand, the profit rate was low in branches which were strategically important for technological and skill development.

The neoliberal belief that the introduction of market relations leads to capitalism has proven to be wrong in the rent-dominated economies of the South. The arrangements led to a punitively high exchange rate which made strategically very important branches non-competitive and kept local low skilled labour from becoming competitive with simple products on external markets. The dynamics of the internal market to this day remains limited because of limited growth of employment.

An economy with high foreign-exchange earnings and low productive capacities outside a limited high income earning sector will suffer from threats to its external balances, as increasing local consumption, especially in basic goods, leads to more imports. Such an economy will opt for import restrictions, especially if the goal of economic diversification through the building-up of local industries is not completely abandoned. The goal of restrictions is to protect the internal market such that local industry can be built up. The difficulties in launching these industries have resulted in products which are scarce in relation to internal purchasing power, with the result that margins in trade are high. This attracts speculation and leads to the build-

up of dependency relationships politically.

Privatisation and liberalisation in rent-dominated economies has to lead to the emergence of private monopolies if conscious efforts for economic restructuring are not undertaken, through currency devaluation for example which may make local mass consumption goods cost competitive. Such private monopolies are not limited to foreign trade, as some Algerian academic criticisms of current policy insist on, but extend to the whole the commercial sector, as is the case also in Algeria (Benabdallah, 2006:17, 2009:93, Goumeziane 2003: 173).

Economic liberalisation has not led to neoliberal theory's promised results. There is still rent available without being integrated in a strategy of increasing employment by income redistribution for the poor. The transition to capitalism in structurally distorted economies of the southern states in question requires limited but targeted state intervention and selective market regulation (Elsenhans 1997: 294-297). Export-oriented manufacturing is available for such a transformation provided that it is not thwarted by uncaptured roaming around rent.

Although the failure of import-substituting industrialisation led to a social crisis and a generalised loss of trust of the population in the original promises of the state classes, the still available rent allows distributive measures which keep political protests at bay (Bedranis and Bouyacoub 2009: 220). The resulting demand did not, however, dynamise the local production because exchange rates were still so high that imported products were cheaper than locally produced ones. They stayed high because it was assumed, very often incorrectly, that the import capacity of the economy depended on it. However, only the import capacity of the privileged would suffer from a decreasing purchasing power on the world market, in fact a desirable result as it contributes to reducing wasteful luxury consumption. Despite not having direct access to the foreign currency in which the oil rent was paid, the privileged could exchange their national currency on black markets for foreign currency. The combination of failure of industrialisation and availability of rent keep these economies in a low-income trap which, without devaluation, can only be overcome by massive political protests or by the disappearance of rent.

If the EU wants to implement a strategy of developing the countries on the southern shore of the Mediterranean by opening them to the world market, it either has to suppress rent, which is impossible in the current conditions of the world energy industry, or devise strategies which combine the mechanisms of export-oriented industrialisation (akin to the East Asian Miracle) with the state channelling rent into increased productivity or increased competitiveness of local labour.

A look into the economic basis of the success of East Asia shows that these countries were able to have relatively high real wages and a low international price of labour. It allowed them to achieve high levels of employment in branches with initially low cost technology, allowing for learning-by-doing and skill acquisition of their labour force. This facilitated access to better earning export branches with higher technical requirements. The essential element for combining internal market expansion and international competitiveness consisted in delinking locally paid real wages from the international costs of their labour by means of the intelligent use of existing and newly emerging rents within the framework of a consistent state-led strategy which did not hamper competition between enterprises (Faujas 2008, Ahmed 2010: 101).

Leading industrialised countries owe their advance in productivity to learning-by-doing, made possible by the exclusion of catching up economies from innovative production lines (cf. new endogenous growth theory, Grossman and Helpman 1994). The discovery of new products is followed by the development of process technologies that allow considerable cheapening of the new products provided that they are produced in large quantities. It is extremely difficult for newcomers to benefit from comparable economies of scale when a new product has already been launched by a leading industrial producer (Krugman 1992: 424f.). If economies can catch up in the initial phase of the new products then the result of the much more pronounced importance of “book” knowledge places a catching up and an already established leading economy at less divergence when learning-by-doing (Elsenhans 2001a: 62-73). The leading economy may be superior also in the new production line but because of the decreased importance of learning-by-doing, the leading economy’s advance in productivity in relation to

the catching up economy may nevertheless be lower in the new branch than in previously leading technologies.

International specialisation does not follow absolute productivity levels, but according to the law of comparative advantage, “relative productivity”⁷. Comparative advantage has provided Germany with incentives to produce luxury cars instead of micro-electrical products even though Germany has made breakthroughs in the latter. Japan did not overtake the United States in microelectronics in the 1980s because Japan had been superior in productivity, but rather because Japan was so backwards in other productions, for example raw materials (Watanabe 1991: 58f.).

Differences in productivity growth have provided all poor countries with comparative advantage throughout history. Comparative advantage, however, can be transformed into competitive advantage only if the products are competitive in the countries of their destination. Comparative advantage cannot be transformed into competitive advantage if the total costs of their delivery in the countries of destination, including transport costs, are too high in relation to local supplies. For this transformation of comparative into competitive advantage, international labour costs (not real wages) matter.

With the Green Revolution, many countries of the Global South have been able to reduce the cost of their labour in international currency through devaluation. When local self-sufficiency in food was achieved, labour costs in export industries can be reduced to near zero by devaluation of the local currency (Elsenhans 2002: 66-73). The oft reported cheap cost of labour in East Asia of around 1/50 of Western labour costs at the onset of East Asian export-driven industrialisation were only possible because the local basic goods were much less expensive than on the world market.

People are conscious of this mechanism when they speak of the United States being an

⁷An economy should not specialise on what it can produce best but where its productivity is highest relatively compared to productivity differences in other lines of production.

expensive country whereas India a cheap one. This judgment has nothing to do with the relation between the cost of basic goods and local salaries, just the exchange rate. In poor countries, normally the exchange rate is undervalued, therefore tourists have a higher purchasing power, but also local production on the world market is very cheap.

The Singer-Prebisch (Singer 1950; Prebisch 1962) theorem, especially in its Marxist formulation by Arghiri Emmanuel (1969), is based on the argument that the terms of trade for poor countries are weak and even deteriorating because labour is cheap.

Likewise, instrumentalisation of the same theory in order to promote employment requires devaluation below purchasing power, it does result in *deliberate self-exploitation but in exchange for the overriding aim of promoting employment*. This strategy is rational if the costs of an administratively planned restructuring of the economy for launching mass consumption are higher than the loss of foreign-exchange income in the wake of currency devaluation. The Chinese economic liberalisation and reform movement which started in the 1970s is a deliberate application of the analytical content of the terms of trade argument, economically justified because comparative advantage of resource poor China lies with manufactured goods where price and income elasticity on the world market were and remain high (Guillaumont-Jeanneney 1996, Lafay 1996: 948-953).

Workers in export sectors of successful export-oriented industrialisation, whether in mainland China, Taiwan or South Korea, who earn less than they would need for their subsistence, in case of purchases of the required products on the world market, must be able to buy these products locally, from local origin, at prices lower than the world market prices. The products they buy are part of a surplus produced locally and not appropriated by investing private enterprises. They constitute a rent, a surplus which can be appropriated by these workers only, because the state or high transport costs block the sale of food at higher prices on the world market.

Export-oriented manufacturing constitutes a variant of redistribution of rent for supporting marginal labour with particularly low requirements in administrative capacity (Elsenhans 2000:

24ff., 2001a, 2002, 2004a: 3). The only task of government is blocking the export of cheap food, a relatively homogenous and bulky commodity easy to identify. However, success with a more sophisticated utilisation of rent could cause catching up to be accelerated considerably.

All countries which were successful with this strategy have limited devaluation by taxing some very competitive exports, directly or indirectly, and subsidising, like oil countries, hitherto not yet competitive industries. For example, South Korea blocked the import of textile machinery, raising the cost of production of its clothing exporters (Mytelka 1986; 258). The clothing exporters had no other option but to become the extension agents for local textile machinery producers, who entered this line of production by having become the suppliers of spare parts previously.

7. Obstacles on the Southern shore of the Mediterranean

Devaluation is often opposed by the argument that it decreases the international purchasing power of existing exports and adds to the poverty of devaluing countries (Dunkerley 1968: 129, Wilson 1976). This may apply to those countries on the Southern shore of the Mediterranean who earn their foreign currency from traditional raw material exports - a group of commodities the share of which is continuously decreasing. For the typical oil countries like Algeria, Libya, but also the states of the Arab Peninsula and Iraq, oil, and products derived from oil, constitute a major share of total export earnings.⁸ For a country like Algeria, whose exports are practically

⁸

Arab oil dependence 2008

ECONOMY	Total exports all products, mio \$	Fuels (SITC 3), mio \$	Fuels as % of total exports	non oil exp 2008, mio \$	non oil exports 2016, mio \$	increase non fuels 2016-2008, mio \$
Algeria	79,298	77,822	98.1	1,475	1,186	-289
Bahrain	17,316	6,082	35.1	11,234	8,925	-2,309
Egypt	25,967	11,638	44.8	14,329	20,867	6,538
Iraq	61,608	60,584	98.3	1,024	699	-325
Kuwait	87,457	79,958	91.4	7,499	6,925	-574
Lebanon	4,454	28	0.6	4,426	3,826	-600

only hydrocarbons (98%) billed in dollars, a devaluation of its national currency has no impact on its export earnings. For other countries with a substantial share of exports with low price elasticity of demand, which are already competitive at the pre-devaluation exchange rate, export taxes are possible. The WTO decision-makers have focused so much on the problems of Western countries and their export drives that they have not dealt with the possibility of a country imposing export taxes on itself, as it is assumed that a country doing so would only hurt itself (Espa 2015: 4, Piermartini 2004: 7).

Long-term economic advantages accrue from devaluation and an overall change in the structure of the economy. As imports become more expensive in the local currency, their substitution by locally produced goods are greatly enhanced, dynamising the local small-scale industry, the so-called informal sector. As prices may increase in the local currency, subsidies to poorer households for maintaining their purchasing power may be necessary. In a country where a large share of mass consumption is already supplied by imports paid from its rent (example: Algeria, Bedrani and Cheriet 2012:149), this has no incidence on its import bill, but concerns only the mode of channelling subsidies in national currency to households - preferably in the form of direct subsidies in order to avoid problems with WTO regulations.

By making local production more competitive with imports, devaluation will allow the reconquering of the internal market and launch mass consumption goods where economies of scale most certainly will be realised. A large internal market for similar goods is the best means of launching an initially weak local production of investment goods. The best programme for

Libya	62,100	59,679	96.1	2,421	549	-1,871
Morocco	20,306	751	3.7	19,555	22,047	2,493
Oman	37,719	30,892	81.9	6,827	6,864	37
Qatar	67,307	62,407	92.7	4,900	8,228	3,328
Saudi Arabia	312,999	274,733	87.8	38,266	50,805	12,539
State of Palestine	558	3	0.5	556	925	370
Syrian Arab Republic	14,380	6,183	43.0	8,197	1,525	-6,673
Tunisia	19,320	3,345	17.3	15,975	12,569	-3,406
United Arab Emirates	239,213	149,794	62.6	89,419	171,103	81,684
Yemen	7,584	6,934	91.4	649	423	-226

protection is an appropriate exchange rate, not customs duties. Given the poor administrative performance of the state on the southern shore of the Mediterranean, existing customs duties are normally circumvented⁹.

Producing large quantities for the internal market provides the chance for exports because of economies of scale, with perhaps initially low additional foreign-exchange earnings. The economies become less dependent on the rent generating commodity. Aiming at exports implies contacts with the world market and will limit inefficiencies in technical choice. It will also make it easier to benefit from economies of scale as size considerations have not to respect the limits of the internal market. The size of the European market will exercise much greater pull on the southern shore of the Mediterranean than the American market on the much larger Chinese economy had done.

Learning-by-doing in basic industries will facilitate technical upgrading so that entry in more complex production lines is made easier. The already mentioned launching of local textile machinery production created the starting point of a today highly diversified and internationally competitive Korean mechanical industry (Suvrathan 1991). Indeed, the successful East Asian electronics industry started with the acquisition of skills in electrical industries serving internal markets.

⁹Better than any scientific discourse is the description of the mechanisms by an Algerian casual worker. Having been asked how he reacts to the observation of official Algerian economists, according to which there is no unemployment in the country because construction is desperately looking for workers, he replied that wages in construction are too low. On the subsequent question, whether workers are forced to accept such jobs and what about better earnings, his reply was: twice a month he travels by plane to Thailand and buys electronic goods. In that country there is an infrastructure of traders who are ready to visit Algerian importers even in the hotel without great transaction costs to the Algerians. On return, there is a strict control by the police, but successful entry is possible if the same person does that travel more than twice per month. Customers can however be easily bribed. There are implicitly agreed tariffs. If the Algerian government limits official imports of such products and increases import customs duties in order to save on foreign exchange, there is a safe and well-paying market for illegally introduced products. A smuggler can reasonably expect to earn up for one thousand euros after deduction of all costs, in Algeria, a relatively high income.

Higher supply of goods from local sources reduces imports and allows proceeding to more complex productions which require additional imports the country had been unable to undertake as long as scarce foreign exchange had to be used for basic needs.

Increasing local production will create jobs and change modes of socialization in society. The marginalized will acquire new dignity from having the capability of caring for their needs and their families based on income earned as workers. There will still be class struggle about the distribution of total product. Social dynamics will, however, change: there will be no longer a marginalised crowd which, for lack of other means of expression, use violence for addressing a dominant power structure in front of which this mass feels helpless.

There are, however, important political and emotional obstacles. Although devaluation does not reduce foreign-exchange earnings it appears as intensified exploitation. Local labour is increasingly exchanged via additional exports at low prices of the labour value embodied in exports against products produced with highly paid labour. This is a clear indication of unequal exchange which some will qualify as exploitation. But this labour value, which the Marxist critics argue will have decreased, was not even “realised” i.e. turned into value by being sold before devaluation and therefore not supplied for lack of a solvent demand. Value which is not “realised” (i.e. sold) is not value in Marxist theory because it is not socially necessary labour. There is no alternative between selling at a low price or selling at a high price, but between realising some value or marginalising the potential labour value as idle labour power. My experiences with secular nationalists show that many of them continue to largely cherish an orthodox Marxism understanding and reject the potential of devaluation.

Many sincere critiques from leftist and nationalist authors refuse to admit the necessity to develop productive forces step-by-step and criticise the proposed path as leading to an “industrialisation au rabais” (second-rate industrialization). They demonstrate the fossilisation of originally true revolutionary positions, which Marx so acidly criticised in his “Holy family”(1845/1972).

Nevertheless, the older discourses have been identity creating and can only be overcome if EU

policies associate changeable and visible advantages for the mass of the population when asking for a transition to a basically capitalist orientation of the economies against rent-based structures. There are two major fields which can be considered. Devaluation in the countries of the southern shore of the Mediterranean have to overcome immediate economic obstacles: contrary to the East Asian economies, there is no perspective of a Green Revolution raising agricultural yields to levels where food self-sufficiency is achieved. Food imports represent an overwhelming proportion for nearly all of the countries at low levels of consumption for the mass of the population. Under the actual technical conditions, it is difficult to conceive that food production south of the Mediterranean will increase substantially in case of successful export-oriented manufacturing.

Should the southern shore of the Mediterranean achieve levels of consumption comparable to Western Europe, then there will be a serious problem of food availability in the Arab world.¹⁰ Western Europe and potentially even Eastern Europe have unused potentials of food production. In a Euro-Mediterranean area they will have comparative advantage in food production and become the granaries for large parts of the Arab world in case of successful

¹⁰Wheat availability in Arab countries
2008

country	population in mio.	Wheat production thousand t	Wheat imports thousand t	total availability thousand t	Share of local production in availability %	per capita availability kg
Algeria	35,723	1,111	6,508	7,619	14.6	213.3
Egypt	7,492	7,977	8,335	16,312	48.9	2,177.3
Iraq	29,430	1,255	3,649	4,904	25.6	166.6
Kuwait	2,702	0	336	336	0.0	124.4
Lebanon	4,186	144	473	617	23.3	147.4
Morocco	30,955	3,769	4,109	7,878	47.8	254.5
Oman	2,594	1	304	305	0.3	117.6
Saudi Arabia	26,366	1,986	416	2,402	82.7	91.1
Tunisia	10,391	919	1,780	2,699	34.0	259.7
United Arab Emirates	6,799	0	1,280	1,280	0.0	188.3
Yemen	21,704	170	2,224	2,394	7.1	110.3

development of the countries on the southern shore of the Mediterranean. If Europeans are really interested in constituting the Arab world as their partner for a common pole in the world economy, where the Europeans and Arabs are relatively small as compared to South or East Asia, it would be sensible to accelerate this new division of labour around the Mediterranean by accelerating industrialisation in the Arab world. Decision-making in favour of export-oriented industrialisation would be much easier in the Arab world if the oil rent was, at least symbolically, kept away from subsidising the marginals.

I have elsewhere suggested that the Europeans give access to their potential or real agricultural surpluses on the basis of their own very low marginal costs after the deduction of subsidies supplied by the Common Agricultural Policy (Elsenhans 1999: 233, 2013a: 30-32). This would allow maximising multiplier effects of new manufactured exports from the Arab world, rapidly expand Arab internal markets and facilitate the technical upgrade of Arab exports.

Rachid Ouaisa (2013) considers building even more important incentives for a variety of social strata in the countries of the southern shore of the Mediterranean. One perspective Ouaisa advocates is them becoming members of the European Union in case of success of the transformation of their societies. The pressure of the young to live a life similar to the one they see in Western Europe is undeniable but difficult to measure in its political impact given competing tendencies, such as the rise of political Islam.

Both incentives require long-term cooperation, transfers of agricultural surpluses at an early stage, and promises of the membership of the European Union (albeit having to wait for considerable time). But in both cases the establishment of relations of trust with the political forces that emerge in the countries on the southern shore of the Mediterranean are highly important.

9. On partners

EU policies to the southern shore of the Mediterranean have to be based on three elements:

- The old secular nationalists, organised as state classes, are no longer performing the role of the

political avant-garde. In the West, this failure has been perceived on the basis of the critique voiced by the bridgeheads of West in the Arab societies - the secular NGOs.

-The political developments after the Arab Spring of 2011 have demonstrated the relative isolation of the political forces which would identify themselves with Western values. These values are promoted by Western NGOs and their friends (Pratt 2007: 134, Chirot 2014: 134). Their number has rarely been larger than the score of the Communist parties in the period after the fall of the Berlin Wall in East Central Europe. It may be unpleasant to hear for the dominant forces in the West and their globalisation discourses, but it is undeniable. The heirs of the secular nationalists in the Global South are other secular nationalists but only if economic development integrating the large masses has been successful. Successful secular nationalists may have drawn their recipes from revolutionary doctrines, like in mainland China or Vietnam, or from the defence of Western-style institutions, like in South Korea or Taiwan.

-The new dynamic political forces are new cultural identitarian political movements (NCIPM, Elsenhans 2012; Elsenhans, Ouaisa, Schwecke and Tétreault 2015). In the large belt of the ancient world north of the Sahara stretching from the Arab Atlantic to Southeast Asia, cultural nationalists have risen to prominence and influence independently from their religious heritage, as Islamists in the Muslim world or Hindu nationalists in that great country which is India.

The failure of the secular state classes in promoting inclusive development has opened political space for these cultural nationalists organised nowadays as NCIPM. Cultural nationalists are not a new development: they have been present in all 19th century anti-imperialist and anti-colonialist coalitions, they were prominent in the Iranian revolution of 1906 (Keddie 1966, Sheikholslami 1998:18), they participated in movements like the Boxer movement in China at the beginning of the 20th century (Li 1987, Sun 1987) but also in the Congress Party in India (Gould 2004: 21, Chandra 1979:82, Mengalore 2007). But when decolonisation came on the agenda of the colonial Metropolises, the colonial powers pursued a strategy of handing over power to those movements they considered as most favourable to the West meanwhile capable

of subverting overt anticolonial opposition of the increasingly impoverished masses in the global South (Babou 2010: 51, Cooper 2002: 25, Chakrabarty 2005: 4814).

The cultural nationalists reappeared when it became clear that the secular nationalists had been unable to fulfil their promises of development (Munson 2001: 496f., Joffé 2002: 34). The disenchantment of increasingly large segments of the population first about the failure of the secular nationalists, then the corruptive and repressive practices, explains the expansion of their influence to new strata. Initially, largely promoted by ideological entrepreneurs, their political movements soon captured the small and medium scale entrepreneurs (Elsenhans 2015d: 143-146). They did not benefit from state support for industrialisation but suffered from being heavily taxed by the exploitative state classes and wanted to reduce state interventionism in favour of cautious market regulation inspired by the principles of a moral economy (Ouaissa 2013: 130f, 2017, Bayat 2002: 4). Their economic interest coincided with the teachings of the cultural nationalists.

The secular state classes had been successful in extending education, bringing the vast majority of children into primary schools but expanding significantly also in secondary and superior education. This increase in education was considered as a condition for supplying modern industry to be built with skilled staff. But the less industrialisation succeeded in intended employment creation, the more an increasing part of the newly educated diploma holders had difficulties in finding appropriate jobs in the productive sector of the economy. They depended on the extension of administrations. In these administrations, they found the seats already taken by previous generations of holders of diplomas of secondary and superior education. These previous generations, partially educated in the colonial institutions, partially in institutions still very close to the colonial patterns, were difficult to oust, and the only argument had been the reproach that they were alienated from local language and local culture, equivalent to despicable copies of the colonial masters. The wage earning middle strata turned away from secular nationalism to cultural nationalism in order to claim superiority vis-a-vis those who had taken all prime jobs.

This shift in power relations between secular and cultural nationalists, and the cultural nationalists not being compromised by corruption and abuse of power, led to the commitment of the masses of the marginalised in favour of cultural nationalism for which they became shocktroopers and protestors in the streets.

The West sees the cultural nationalists primarily as a threat, not only to its interests but to peace and stability, associating a tendency to violence by relatively marginal segments as core elements. The important process of constitution of new political movements is obscured by such a perception. In their movement to the mainstream, NCIPMs had to opt increasingly reforms in economic and social policies and put aside their original identitarian agenda (Gormus 2017; 71f., Rutherford 2006. 726, Seifzadeh 2003: 67). Following this trajectory, they had to silence their extremist elements. Those who have managed to achieve power have faced difficulties in avoiding becoming moderates, as shown by the Iranian revolution or the political praxis of Indian Prime Minister Narendra Modi (Elsenhans, Ouaisa, Schwecke, and Tétreault 2015). They are pragmatic in economic policies because class and economic policies are more important for their cohesion than the emerging universe of their cultural heritage.

Their economic policies are inspired by moral principles and consistent in the rejection of exclusive direction by markets or plans (Zaman 2008). Markets have to be embedded into overall strategies which guarantee that basic interests of different social classes are respected, not so different from the social market economy in Germany (Müller 2000: 30f). Their excessive respect for property rights blocks the redistribution of land (Ahmad 1967: 380, Floor 1980, Frings-Hessami 2001:171, Dahmen 2015: 177), and crucially given my above theorization, their respect for the subsistence of all members of society is but a weak substitute for the necessity of constraining rent by raising mass incomes.¹¹ However, their openness to a mix between market and planned economy makes them possible partners for designing convergent if not coordinated strategies of economic development.

¹¹There is no discussion on wage increases as a condition for capitalist growth. Wage increases are justified as a moral duty of the rich.

For the time being, it can be expected that they are able to organise large class alliances necessary for strategies of overcoming underdevelopment by associating mass demand, private investment and state responsibility in some overall equilibria. Rather than the present balking, the West should enter into a dialogue with the NCIPMs (Elsenhans 2014b, 2015a, 2016b, 2016d, 2016e).

10. Requirements from the EU

The realisation of a strategy which aims at organising solidarity between both sides of the Mediterranean requires not only structural change in the countries of the southern shore of the Mediterranean. The EU must play its role as enabler of a shift in the Arab world to more manufactured exports.

There are economic and political requirements which can be met only by deepening European integration. The constitution of a pro-European Arab periphery on the southern shore of the Mediterranean could become an element for relaunching the process of deepening integration.

Transforming the countries of the southern shore of the Mediterranean through high levels of employment initially created by exports of manufactures will have to go alongside foreign trade surpluses of those countries, in order to have a notable impact on labour markets. The United States after 1945 and Britain in the late 19th century have shown that the benign imperialist which is supported by a periphery which accepts at least temporary dependency has to avoid looking for trade surpluses for its own employment promotion (as Germany is doing today). Both the US and UK imperialist centres of the past have shown how to stabilise peripheries by simultaneously accepting trade surpluses of these partners and transferring financial resources to them.

In the case of the European Union, the industries which will have to bear intensified competition will come from the Mediterranean zone of Europe and are regionally concentrated. These regions have been strong in the political decision-making within the European Union, to the difference of some backward regions in more homogeneous imperialist centres like Britain

or the United States of respective periods.

By implication, Germany will have to completely change its relationship with the rest of the EU. It will have to accept high balance of trade deficits with the rest of the EU. The price elasticity of German exports is low; German exports depend basically on the rate of growth of other economies in the world as they are constituted to a large degree by investment goods. An increasing balance of trade deficit by Germany is possible only in case of high increases in German labour costs and low increases in the propensity of saving of German households, a statistic high by international standards.¹²

Such a configuration will be acceptable in German public opinion only if entrenched attitudes, derived from German history of hyper inflations and two currency devaluations during the 20th century, are overcome. The high saving propensity is one element, while the fear of inflation another one which I have described both elsewhere (Elsenhans 1999, 2013b: 138).

In an epoch where national identities remain practically very important because of linguistic competences of the great mass of the population, it cannot be expected that differences in levels of development are mitigated by EU intra-migration. Already before the arrival of the large numbers of refugees, the number of foreigners from EU countries in other EU countries had been largely inferior to the presence of non-EU foreigners (Bonin, Eichhorst and Flormann 2008: 131f.). I have distinguished elsewhere between a national pattern of convergence - based on migration within a national territory - and an international pattern of convergence - based on international differentiation of labour costs through exchange rate manipulation (Elsenhans 2016b: 48ff.). Within the EU this international pattern had dominated, however, it has not been replaced by a national one through migration after the introduction of the euro, and operates only with difficulties, as changes in international labour costs have to be brought about by changes in nominal euro wages in the different member countries.

There will be difficult adjustments between comparative labour costs across the EU, while the

¹²Such that increasing incomes does not necessarily lead to a higher household demand

actual crisis is just an expression of it (Onaran 2016: 458ff, Elsenhans 2014a: Flassbeck 2017a). It may be assumed that the possible differences in major increases across the Union are difficult to implement for political reasons, especially as the most favoured regions will be able to mislead their labour representations of the usefulness of combining moderate wage increases with improving competitiveness in relation to other production sites of the EU. German unions are relatively reticent to use the high level of competitiveness of Germany to demand increasing real wages (Flassbeck 2017b, Koch 2017: 4). If wage increases in the leading economies cannot so much exceed wage increases in the weaker member countries, and if migration has to be limited, labour cost differentials could be established on the basis of differential taxation of jobs within the EU i.e. in leading countries, special taxes on employment could be raised and used for lowering taxes on salaries in countries with low levels of employment until entrepreneurs would increase employment there. Such a solution can be adopted only in case of a firm commitment of all member states to the priority of high levels of employment, instead of price stability.

Deepening European integration is possible, if, in the conflict between labour and capital, labour prevails. I hasten to add, most of the private savings accumulated in a country like Germany represents “fake money” in the sense that the utilisation of these monies is conditioned by the future (Elsenhans 1999), and not the past productive potential of the economy. In a paper money economy, the act of saving does not constitute anything other than a loss of demand. It can only become value if there are debtors who are ready to contract the debt of the same amount.

The proceeds of such a tax would also support deepening the integration of the EU, as this money would provide EU institutions with important resources.

The suggested strategy of adaptation will be possible only in case of a paradigm change in economic policies. An understanding in public opinion has to be reached according to which mainstream neoclassical economics is considered to be a theoretical case far from the actual management of European economies and societies. Understanding that the critique of

neoclassical economists of public debts and rising wages in the EU is a threat to the maintenance of the EU is crucial.

Mainstream discourse is being actively undermined, but inadvertently can be useful, as it has already provoked counter-discourses. The crisis has shown in France, the Netherlands, Italy and also Spain, that for a large swathe of European public opinion, the disappearance of the European Union is feared as a danger to peace and stability. I assume that the general elections in Germany in September 2017 will show the same pattern of endorsing the EU. There is a lot of criticism of the EU, but few wilfully wish its disappearance, and even the leader of the extreme right in France did not really want to leave the Euro currency. That the Central East European countries have less favourable public opinions and ruling classes with less respect to the deepening of the European Union has the important caveat that none of these countries wants to be isolated without EU membership while facing Russia.

I conclude, therefore, that the actual crisis of the EU constitutes an opportunity for deepening European integration, and argue that a more efficient and more adapted strategy to the southern neighbourhood of the EU would be a strong catalyst in this process of deepening European integration.

Without being able to extend the argument, I suggest that such an approach would further contribute to improving strategic connections to South Asia. Europe shares with South Asia the effects of the new centrality of the Pacific in the world system because of the predominant importance of US-China relations inside a new multipolar international system.

It is clear that the strategy described and proposed here has many aspects of imperialist behaviour, while Europe does not propose equality to its southern periphery. But the expected multipolar system regardless will be characterised by inequalities between centres and peripheries which will be constituted around new and old super powers, of which the EU could, but not necessarily will become, a still relevant member. Before the alternative of a Euro-Mediterranean region which would be open to criss-crossing influences from all other powers with unpredictable consequences for all its members and a highly hierarchical regional

structure, the solution I am advocating is preferable especially if its success is dependent on opening avenues for economic and social progress for the weaker countries of the region.

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2) The European Economic and Monetary Union in the 21st Century

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Abstract

The European Economic and Monetary Union (EMU) has been in turmoil for more than six years. The present governance rules do not seem to solve the problems neither permanently nor effectively. There is no vision about the future of Europe in the 21st century. This article describes a realignment of the economic governance, which do not necessarily lead to a transfer or political union. However, it solves the current and future challenges. In fact, the redesign of present rules is the most likely as well as legally and economically option today. The key idea is the detachment from the compulsive idea of an ever-closer union. However, this vision requires boldness towards greater flexibility together with an exit clause or a state insolvency procedure for non-compliant member states.

Keywords: EMU, Economic Governance, Future of Euro

JEL-Classification: F14, F15, F43, E17, O43

1. Introduction

Credibility and effective enforcement of the institutional framework is essential for lasting stability of the Economic and Monetary Union (EMU). The legal ban of monetary financing (Article 123 TFEU) and the EU-regulation of the Stability and Growth Pact, the Six- & Two-Pack, the European Semester and the Fiscal Treaty are all of particular importance in order to achieve stability. Nevertheless, the current rules are not sufficient to achieve stability in the end

due to legal inconsistencies and moral hazard. In general, there are two policy options to achieve stability in the future: Either the member states transfer decision-making powers to the European level, for example in form of a European fiscal and political union (Enderlein et al., 2016). Or, alternatively, one reforms the present rule-based approach so that member states have to make their budget decisions by their own and have responsibility for all fiscal consequences (Sinn 2016, Herzog 2016a).

The rule-based approach (or so-called Maastricht philosophy) is the starting point for a reform of the European treaty. I propose to supplement the current institutional framework with either a state insolvency mechanism (SIM) or a credible no-bailout clause according to article 125 TFEU together with a new exit clause for in compliant states. Both policy options have the prerequisite that the rules and the rule-enforcement in the EMU is fully credible. In fact, an effective insolvency mechanism has several prerequisites (cf. section 2). The major difficulty is to incorporate the new insolvency mechanism into the legal system without creating moral hazard. Indeed, my proposal is closer to a state restructuring mechanism than an insolvency mechanism (Herzog 2016b). The following subsections outline the prerequisites for a stable and lasting future of the EMU.

The first prerequisite of a state insolvency mechanism is the elimination of regulatory privilege of claims against states. Only this can mitigate a direct transfer of risks in the banking system to the state and vice versa. The regulatory de-privileging approach has two objectives:

- Reducing the concentration of risks in bank balance sheets to prevent the insolvency of a single member state from rescuing insolvent banks such as during the financial crisis;
- Increasing the loss absorption capacity of financial institutions, so that losses from state insolvencies could be better coped by banks.

There are currently regulations in the European financial markets, which lead to a privilege of claims on states. Claims on non-governmental borrowers may not exceed 25 percent of eligible capital. This credit limit however does not apply to states! Moreover, there is no obligation to provide capital for claims against states in domestic currencies. Finally, marketable claims

against sovereign debtors in the area of liquidity regulation are considered as secure (so-called level 1 assets). In the case of non-governmental borrowers, the regulatory law demands reductions and upper bounds.

Based on stress tests conducted by the European Banking Authority (EBA), the German Council of Economic Experts carried out calculations to illustrate the effects of a reform of the financial regulatory privilege of states (SVR 2015, Chapter 5). The results show a clear heterogeneity across countries as well as a home bias, particularly in southern periphery countries and in Germany. The German Council argues for an introduction of credit limits to all government claims. These limits should vary with the risk because concentration risks in bank balance sheets pose a risk to the financial system as whole, especially in case of default. Independent rating agencies regularly evaluate the default risk beyond political influence. For the low-rated member countries, the Council proposes a credit limit as for corporate loans of 25 percent in relation to eligible capital. The credit limit is incrementally increasing for countries with better credit ratings. The values are similar to the Basel risk-weights. In addition, there is a need for higher capital ratios for banks in Europe. Scientific studies call for an increase to approximately 20 percent in the equity ratio (Admati and Hellwig 2013). After a phase-in period of over 10 years, credit limits and the higher equity ratios are binding. The relevant closing date has to be in the past in order to exclude the purchase of privileged bonds, in order to bypass the new regulation.

The second prerequisite is a significant reduction of the public debt-to-GDP ratio. In line with the first prerequisite and according to the Maastricht Treaty, member states debt is limited to 60 per cent in relation to gross domestic product (GDP). There is a long debate on this issue, however without any lasting action (SVR 2011, paragraph 242 ff., SVR 2013, paragraph 276 ff). In fact, the German Council concludes that the *"high debt of the member states (...) prevents the introduction of an insolvency mechanisms at present time"* (SVR 2015, point 87 ff). Moreover, some solutions for this problem are no longer accessible due to the incompatibility with the current institutional structure. I propose a new solution for this problem without establishing a fiscal capacity or a debt-sharing mechanism (SVR 2016, paragraph 57). If and only if these

prerequisites are in place, we can start to reform and redesign the EMU with either an insolvency mechanism or an exit clause.

2. Steps towards a State Insolvency Mechanism in the EMU

A state insolvency mechanism (SIM) should establish a rule-based structure, so that an insolvency can be carried out quasi-automatically along certain milestones. Hence, the SIM is largely deprived of the political negotiation process. On the one hand, this is reducing the uncertainty. On the other hand, it helps market participants to form credible expectations. A further building block of an insolvency regulation is a provision that ensures the equal treatment of creditors. This helps to reduce both a 'rush to the exit' and the 'holdout problem'.

2.1 SIM applies only if the default is not the 'fault' of member states

Financial assistance from sound member states is theoretically completely unnecessary if we have a credible no-bailout clause. However, there are debt crises, which are not directly caused by domestic policy errors. For example, member states may be in a financial crisis because of systemic risks that put the national banking system on the brink of collapse. Or even more importantly if there are regionally concentrated industries that are hit by new competitors from emerging economies. Of course, the domestic reaction and adjustment to exogenous shocks is often delayed because it requires unpopular structural reforms (Smaghi 2014). It is not always easy to determine which factor – exogenous shock or wrong economic policy – dominates. However, a state insolvency mechanism in the euro area has to be contingent on extraordinary cases because of the inherent moral hazard that is even amplified in the monetary union (Beetsma and Bovenberg 1999, 2000, 2003, Beetsma and Uhlig 1999, Dixit and Lambertini 2003, Herzog 2004, 2016b). As a result, the principle of self-responsibility and no-bailout (especially in home-made crises) have to be the gold standard. In so doing, the onset of the SIM for an indebted country is contingent on the compliance of all its legal obligations – existing rules. If the country is not able to solve the crisis by their own, despite of structural reforms and austerity measures, conditional rescue funds are available such as the European Stability Mechanism (ESM).

2.2 The Use of SIMs Must Be Unattractive

In order to mitigate moral hazard, the SIM must be unattractive. In fact, the SIM could be seen as a lender-of-last-help. There are different options to implement this disincentive. Ultimately, it is about the loss of budgetary autonomy for countries under the SIM. An extreme form of such an intervention would be a state insolvency administrator, e.g. a European Finance Minister. The impending loss of the budgetary autonomy could foster financial discipline ex ante. This has similar effects as an exit clause as an alternative proposal to a state insolvency mechanism.

The disincentive effect is manifold. First, there would be a considerable loss of prestige for the national politicians. Secondly, there would be the danger of losing regional and cultural identity. In the case of economically weak and politically unsound member states, this could promote the preference of a voluntary exit from the monetary union. For this reason, the possibility of a self-determined voluntary exit has to be legislated in a SIM as well. In case of lasting policy failures or a sustained incompliance with European rules, member countries must exit the EMU in order to achieve the necessary credibility of common rules (ie, a credible threat!). Sinn (2016) labels this idea a 'breathing currency union'.

A less radical option would be to suspend only the financial autonomy or at least the autonomy of the expenditure side during the period of crises. However, this would require EU competencies to enforce the national budget law (Calliess 2017). For this purpose, the competencies of the EU-Commission has to be strengthened under an SIM. For example, if spending cuts are possible but the government has not yet implemented the cuts because they are unpopular, then the EU-Commission has the legal rights to enforce the necessary steps. However, such a regulation could make it attractive for governments to delay unpopular structural reforms until the EU-Commission is doing the ugly jobs.

3. Conclusion

No doubt, a state insolvency mechanism (SIM) in the EMU is no silver bullet. Of course, it would reduce the risk premium for the heavily indebted member states but at the same time offer an incentive to be less sustainable. Indeed, there is the risk that the highly indebted states today hope to get rid of their debts tomorrow by the new insolvency mechanism. In order to eliminate these considerable moral hazard incentives, the implementation of a state insolvency

mechanism (SIM) can only work under the strong requirements. Admittedly, a SIM constraints national sovereignty but only for indebted countries that are in compliance to the commonly agreed rules.

If one wants to stabilize the EMU without the potential disputes in the course of a European insolvency mechanism, there is only one other alternative: the inclusion of an automatic exit clause for in compliance member states. Only this has the same disciplinary action on heavily indebted and in compliance member countries in the EMU. From a sober point of view, currently there is no 'no-bailout' in the euro area, since the policy practice has been a bailout of indebted countries such as Greece. In short: without a credible NO-BAILOUT clause, i.e. either an effective insolvency regime or an exit clause, the stability and soundness of the European monetary union remains in question.

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3)The Flight of the Red Phoenix:

The Historical Bases of Russian Non-Linear Warfare

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Moscow's unforeseen and surprisingly effective operations in Crimea, Donbass, and now Syria have generated numerous commentaries trying to illuminate these operations, their underlying concepts, and Russia's overall strategy. The cliché that Russia conducts "hybrid warfare" has become commonplace even though this term first entered Russian use in 2015, typically as a critique of US operations, and the term's progenitor, Frank Hoffman, told the author that it did not apply to these operations.¹ Therefore continued employment of that term exemplifies the abiding Western ethnocentrism that corrodes our ability to think accurately about contemporary war.

This ethnocentrism also colors Western and especially American understanding of the use of information technology in contemporary war. As we shall see, for Russia, **ever since the October Revolution that brought Lenin and the Bolsheviks to power, information warfare has been conceived of as a long-term, systematic nationwide undertaking to reshape people's perception of reality and guide their actions accordingly.**² Consequently information warfare (IW) is not a new phenomenon in Russia's national security strategy even if the technology is, of course, relatively new. Therefore what is crucial for us as we look for analogies and precedents to the contemporary use of IW is the fact that it is and has been a fundamentally strategic rather than a tactical or technological instrument for Moscow. IW may include cyber-crime, striking at networks, hacking, etc. But is preeminently about and always has been about, political warfare.

Unfortunately our abiding ethnocentrism still hinders our ability to recognize that these and other non-kinetic operations are each part of a larger strategy. The innovation here is not in the technology but in the coordination of multiple, generally long-standing, instruments of so called political warfare which is a better term than hybrid warfare. Our failure underscores the static and ethnocentric nature of US thinking about war and peace as opposed polarities and utter failure to understand that Putin is waging and has been doing so for a long time what George Kennan called **political warfare** or what Chinese writers called **unrestricted warfare.**³ And, as Kennan recognized, elements of today's Russian IW already featured prominently in the State Department's Policy Planning Staff's 1948 definition of the term political warfare.

Political warfare is the logical application of Clausewitz's doctrine in time of peace. In broadest definition, political warfare is the employment of all the means at a nation's command, short of war, to achieve its national objectives. Such operations are both overt and covert. They range from such overt actions as political alliances, economic measures (as ERP—the Marshall Plan), and "white" propaganda to such covert operations as clandestine support of "friendly" foreign elements, "black" psychological warfare and even encouragement of underground resistance in hostile states.⁴

Therefore, first, the aforementioned Russian military operations are not a bolt from the blue but emerge from decades of Soviet and Russian military-political thinking and policy. Sadly only a few unheeded experts familiar with that record warned about its likely re-emergence in new form. Only now has the analyst Maria Snegovaya published an analysis of Russian tactics demonstrating their Soviet origin and locating their origin mainly in concepts and practices of the Brezhnev era.⁵

Familiarity with that earlier record and Russian activities throughout Ukraine would have led experts to forecast that Moscow would invade a Ukraine that went to the West. Indeed, Moscow's pre-2014 activities in Crimea were hardly as hidden, as apologists for our cognitive failure would like to pretend.⁶ Nor was it so difficult to predict that based on Russia's earlier Middle Eastern policies and statements before the intervention in Syria that it was forthcoming.⁷ Indeed, Russia had employed gunboat diplomacy and power projection in the Eastern Mediterranean before in Cyprus in 2011 and everyone overlooked that precedent.⁸ And, it now appears that Moscow mounted a successful deception operation in Washington to distract US leaders from seeing what was developing there so we must also factor in the continuing importance to Russia (if not others) of deception operations as part of its overall strategy.⁹

Meanwhile, the operational concepts and strategy associated with what Moscow calls **non-linear or new generation warfare** are rooted in past Soviet and Russian practice despite their admitted innovation and despite Moscow's attribution of them to the West and especially the US. Accordingly this essay focuses on those historical roots of Moscow's operations in non-linear or new generation warfare.¹⁰ While the Crimean and Syrian operations are audacious and Crimea is tactically innovative and operationally innovative; it will be almost impossible to duplicate elsewhere the auspicious conditions that gave rise to the Crimean operation. And the fighting in the Donbass and now Syria are clearly very conventional affairs. Nevertheless these operations merit careful analysis because of their larger implications. But in contrast to Snegovaya I locate the origins or at least the foundations of many if not most of Russia's current practices in the interwar period, particularly 1921-39.¹¹

Second, scrutiny of Russian operations on a day to basis over time reveals that the entire Russian state is caught up in these processes of political warfare. Russian national security policy since **Putin if not before begins with the perception of Russia of being in a constant state of siege.** This insight pertains with equal force to intelligence operations and to overall national security policy. As Christopher Andrew and Vasily Mitrokhin wrote about the Soviet regime's abiding paranoia, "All authoritarian regimes, since they regard opposition as fundamentally illegitimate tend to see their opponents engaged in subversive conspiracy." And Putin and co. have given abundant expressions of their belief that these conspiracies are mainly foreign in origin, just like their forbears.¹²

Therefore there is no hard and fast distinction between peace and war as in American strategic thinking which remains hobbled by ethnocentrism and wishful thinking. For Russia, therefore there also is no such thing as the US military concept of phase zero, i.e. the stage antecedent to war. Rather, given it's a priori perception of permanent and protracted conflict, Russia is already and every day in phase zero preparing for war by deploying all of the instruments of state power globally to enhance its security and interests. Accordingly, and third, the instruments by which Russia conducts its operations are fundamentally non-military and represent a Russian version of the term "whole of government" national security strategy. Russian national security strategy and operations are therefore not primarily military although Moscow is more than willing to use force as Georgia and Ukraine show us. However those military operations represent the culminating (or at least the intended culminating point) of a strategy premised on years-long operations that coordinate the military threat and other non-military instruments to subvert targeted governments from within by applying "whole of government" methods.

Fourth, the concepts underlying these operations are evolving responses to the fact that from at least 1991-2000 the Soviet and Russian military establishments were fiscally, morally, and intellectually bankrupt and discredited due to their opposition to reform and inability to perform effectively, e.g. in the first Chechen war 1994-96. As a result, and in addition, the Russian "establishment" increasingly saw the US and NATO as manifesting an ever greater, approaching, and conventionally unstoppable threat to Russian interests and self-identity as an imperial great power through NATO enlargement, the 1999 war in Kosovo, and subsequent democracy promotion as a way of consoling themselves for their refusal to adapt to the

contemporary world. But, the second Chechen war was also one where Moscow first effectively employed information warfare to insulate the Russian information space from outside influence and to dominate what it perceived as the crucial center of gravity allowing it to pursue and conduct sustained and vicious operations that included the use of thermobaric weapons, among other aspects.¹³

The ensuing evolutionary project under Vladimir Putin to rebuild an effective military but also to rethink contemporary war where the U.S. supposedly excelled and Russia did not has enjoyed much success in Russian eyes. But, and perhaps it is not that surprising a fact, the current strategy, much like that of 1921-39, is only partially a military strategy and an effort to find surrogates for unavailable military power. As Jonathan Haslam has just observed, "Special operations were used by the Soviet Union against prewar Poland. So special operations, or war by other means, was very much a feature of the 1920s, which was also a time of relative Soviet military weakness. Asymmetrical activities with covert operations were a substitute for not having the use of direct military power."¹⁴ Nevertheless the creative adaptation of earlier concepts and practices has proven its utility to Moscow despite its admitted strategic inferiority vis-a-vis the U.S. and NATO. Russia has won every war in which it has participated since 2000 whereas Washington has lost them and Washington's Syrian debacle is merely the latest example of what can only be described as America's gross strategic incompetence.¹⁵ So misplaced complacency on our part about Russia, Russian military thinking, and operations is quite misconceived.

The Historical Roots of Non-Linear War

No usable Western definition of hybrid war fully captures Moscow's innovations or

operations. And the definition that hybrid war entails the simultaneous use of conventional and non-conventional forces is meaningless as that phenomenon dates back centuries.¹⁶ But a useful way of “excavating” the historical roots of contemporary Russian operations is to disaggregate the component elements of non-linear or new generation warfare to show their origins beginning with nuclear weapons. Nuclear weapons in this context are used for purposes of deterring and intimidating the enemy other potentially interested audiences. Deliberately reckless rhetoric, nuclear overflights, and submarine probes all comprise this aspect of such wars but none of these phenomena would be unfamiliar to the fathers of deterrence theory, Schelling, Brodie, Wohlstetter, Kahn, et al. But these tactics do highlight the fact that the psychology and character of the regime are essentially those of an **intimidation culture**. As Andrei Soldatov and Irina Borogan observe, “The Putin system is all about intimidation, more often than actual coercion, as an instrument of control.”¹⁷ But since intimidation expresses above all a psychological relationship between the parties involved, it makes perfect sense that Russian writers, even before the war in Ukraine, indeed from about 2005 onward, as shown below, increasingly delineated IW and the manipulation of targeted adversaries’ psychological states as the most crucial element in modern war. Consequently ongoing efforts at intimidation continue as there are regular probes, e.g. in the Baltic that serve among many objectives keeping those states and NATO psychologically off balance.¹⁸

For instance, in a March 2015 meeting in Germany Russian generals told Western delegates that any NATO effort to retake Crimea and return it to Ukraine would lead them to consider “a spectrum of responses from nuclear to non-military”.¹⁹ Apart from the obvious physical threat and its intimidation “quotient”, the information conveyed here clearly partakes

of IW understood in Russian terms as manipulating opponents' psychological reactions and hence their ensuing policies. Putin, no doubt, with similar ends in mind, too has made numerous remarks threatening nuclear strikes and the regular dispatch of bomber and submarine probes to all members of NATO are clearly intended to intimidate and deter as that is the mission par excellence of bombers and submarines in peacetime.²⁰ In fact, especially in Syria, the paternity of such operations traces back to Soviet power projection moves in the third world wars of the 1960s-80s or even the Korean War where Soviet pilots quietly flew combat missions.

Things get more interesting with the conventional forces. Clearly the Crimea operation was meticulously rehearsed and we now know the elements of regular forces that were used there. Although some were Spetsnaz, the majority were naval infantry, airborne, and forces from the Special Operations Forces (SSO) who were set up in 2011.²¹ These forces apparently comprise the basic elements of Moscow's long sought after concept of rapid reaction forces. Indeed, every assessment of Russian military reforms after 2008 emphasizes that one purpose (and apparently an accomplished outcome) of the reform was to create usable rapid reaction forces that can quickly deploy to a combat or threatened theater. And both exercises and commentary on Russian exercises highlight the fact that the reforms have given Russia the opportunity to act much faster than before if not faster than NATO along Russia's peripheries, giving Moscow, an enormous operational advantage.²²

In the Ukrainian and Syrian contexts it is now clear that Moscow had been preparing Ukraine for years and Syria for months.²³ Certainly the scope of Russia's intelligence

penetration of Ukraine and thus its “intelligence preparation of the battlefield,” (IPB) was enormous in its breadth and depth. In Ukraine the original military objective appears to have been to take the Ukraine’s entire coastline linking up the areas now under Russian control through Odessa to Transnistria in Putin’s “Novorossia.” Having seized the entire Ukrainian coast of the Black Sea Putin could then effectively collapse or permanently cripple the revolutionary Ukrainian state. Ukrainian sources report that during the current war, Moscow widened the airport in Tiraspol, the “capital” of its rump Transnistrian republic, so heavier forces could land there, stationed 2000 Spetsnaz forces in Transnistria, and planned “humanitarian intervention” exercises there to create and then exploit a pretext for entering Ukraine from Transnistria. Since Odessa is only 80Km from Transnistria that operation would have bisected Ukraine and capture Odessa.²⁴ As Odessa is Ukraine’s last remaining port, its seizure would fatally cripple Ukraine’s military capabilities and give Russian forces a direct land bridge to the Balkans.

Furthermore as defense correspondent Reuben Johnson reported in 2006, Russian intelligence, military, economic, informational, ideological, and other forms of penetration of the Crimea to nullify Ukraine’s de facto if not de jure sovereignty there along with warnings concerning Crimea’s future were already long established.²⁵ Russia also augmented its capabilities for covert and overt subversion by instituting a substantial program giving soldiers and officers in the Transnistrian “Army” that occupies part of Moldova, Russian military service passports and rotating them through elite Russian officer training courses at Solnechegorsk. As one intelligence officer in a post-Soviet republic told Johnson,

You do not try to cover up a training program of this size unless you are someday planning on using these people to overthrow or otherwise take control of a sovereign government. --- The facility at Solnechegorsk is used by Russia to train numerous non-Russian military personnel openly and legally for peacekeeping and other joint operations. If then, in parallel, you are training officers from these disputed regions -- officers that are pretending to be Russian personnel and carrying bogus paperwork -- then it does not take an enormous leap of faith to assume that Moscow is up to no good on this one.²⁶

Dmitri Trenin, Director of the Carnegie Endowment's Moscow Center, confirmed that Moscow began contingency planning for Ukraine in 2008.²⁷ Similarly Georgian President Mikhail Saakashvili in 2009 told Assistant Secretary of Defense Alexander Vershbow that Putin would incite disturbances in Crimea, graciously offer to take over Crimea to solve the problems, and thus teach other post-Soviet states a lesson.²⁸ Putin also admitted that Russia began planning for the Georgian war, using separatists in 2006.²⁹ Meanwhile Chief of the General Staff General Valery Gerasimov prefigured Russian strategy in a published and publicly discussed 2013 speech to the Academy of Military Sciences that has become a kind of canonical text of Russia's so called hybrid wars.³⁰ In this context two phenomena stand out regarding the unconventional or innovative use of regular and irregular forces.

First, the tactics of employing non-identifiable troops dates back to Lenin who advised similar tactics in earlier Soviet operations. The non-identifiable aspect of these troops established a patina of plausible deniability for the domestic and foreign audience that no Russian troops were fighting and that these were "volunteers" or Ukrainians outraged at the ethnic discrimination practiced by the new Ukrainian authorities. Even though the evidence is overwhelming that the troops in Crimea and then the Donbass were Russian troops commanded from Moscow. Likewise the recruitment of Russians from the diaspora for

purposes of creating ethnic auxiliaries or vanguards for use in neighboring territories dates back to Tsarist if not Soviet times. So even Johnson's and the Georgian examples only extend a long-term practice.

The second interesting phenomenon besides the allegedly non-identifiable quality of the troops is that these operations revealed something of the extent to which Russia disposes of "multiple militaries." Since 2005 Russia has created numerous categories of paramilitary and so called volunteer units besides the regular armed forces whose main purpose is to suppress domestic unrest. But they could also be used abroad ostensibly as volunteers in conflicts around Russia's peripheries. Thus Cossacks, veterans of the Chechen war, Chechen troops under the Chechen warlord Ramzan Kadyrov's command, forces attached to military intelligence (GRU), and even foreign sympathizers could all be considered for publicity purposes as volunteers and then be dispatched to Ukraine on this basis much as the Comintern under NKVD direction organized the International Brigades of the Spanish Civil War. Indeed, we now see some of these men wanting to volunteer to go to Syria presumably as "volunteers."³¹

The scale of such forces is quite astonishing and demonstrate that the real center of gravity of Russian operations is the home front that must be endlessly persuaded that only Putin stands between it and the destructive efforts of the West to prevent Russia from recovering its great power status that is historically foreordained and that entails restoring the old empire. As we shall see below, this approach also dominates Russian IW for the first target of those activities remains the Russian population. As this author observed in 2009, special

intelligence and commando subunits to conduct preventive elimination of opposition leaders were being established in the VVMVD (Internal forces of the Ministry of Interior). These forces also received new models of weapons and equipment, armored, artillery, naval, and air defense systems. 5.5 Billion rubles were allocated in 2008 for these forces' modernization. Apart from the already permitted "corporate forces" of Gazprom and Transneft that monitor pipeline safety the MVD is also now discussing an Olimpstroï (Olympics Construction) Army and even the Fisheries inspectorate is going to create a special armed subunit called Piranha.³²

Since then even more information about the extent of the domestic reconstruction of the MVD into a force intended to suppress any manifestation of dissent have emerged. As of 2003 there were 98 special-purpose police detachments (OMONs) in Russia. By comparison in 1988 during the crisis of the regime and its elites under Gorbachev 19 OMONs were created in 14 Russian regions and 3 union republics. By 2007 there were already 121 OMON units comprising 20,000 men operating in Russia. Moreover by 2007 there were another 87 **police special designation detachments (OMSNs)** with permanent staffing of over 5200 people operating with the internal affairs organs, making a grand total of 208 special purpose or designated units with 25,000 well-trained and drilled soldiers. The OMSVs have grown from an anti-crime and anti-terrorist force to a force charged with stopping "extremist" criminal activity. All these units train together and have been centralized within the MVD to fight "organized crime, terrorism, and extremism." From 2005 to 2006 the financing of these units was almost doubled. By 2009 they were also working with aircraft assets, specifically the MVD's own Aviation Center with nine special purpose air detachments throughout Russia. Seven more such units were to be created. Furthermore the MVD has developed a concept for

rapidly airlifting these forces to troubled areas from other regions when necessary. These forces are also receiving large-scale deliveries of new armored vehicles with computers in some cases and C3 (command, control, communications) capabilities. Since these are forces apart from the regular VVMVD, "On a parallel basis with the OMON empire, a multi-level internal security troop machine is being developed-with its own special forces, aircraft, armored equipment, situational-crisis centers, and so forth."³³ When one considers this huge expansion of the domestic Silovye Struktury (power organs) it becomes clear why already in 2008 Russia announced that it would increase funding for the Ministry of Interior by 50% in 2010 and where the government's estimation of the true threat to Russian security lies.³⁴ Since then the numbers and cases of deployment of such forces have continued to grow giving the authorities a huge reserve of people who can be used to achieve just this state of plausible deniability for both internal and external operations apart from the regular military forces. The Chechen fighters or Kadyrovtsy who fought in Ukraine for Moscow are another example of these kinds of forces.

At the same time the works cited in the notes by William Varretoni and Lada Roslycky among others shows that the Crimean operation was meticulously prepared over a period of many years where the military in all its multiple forms came into Crimea to administer the coup de grace in an operation that could rightly be described as a coup de main, not war, for no resistance was encountered.³⁵ But while Crimea is unique given the advantages of having the Black Sea Fleet in place the unencumbered almost decade long IPB the absence of a Ukrainian government or command structure, it also suggests that in hybrid war the military comes in at the end of a comparably long period of threats and psychological warfare much as an entire symphony orchestra is only heard in climaxes. In the meantime, and as befits new generation

war, the ground for military action is systematically prepared over a long time by non-military means that are however, indispensable elements of this kind of warfare. The actual military intervention and its requirements are tailored to the needs of the theater and the contemporary strategic environment and not an indiscriminate force upon force melee.

Whereas Georgia and the Donbass we see quite conventional military operations albeit using new weapons systems and technologies in Crimea we saw a coup de main, not a war, and operation whose nearest modern precedent is Hitler's Anschluss of Austria in 1938. This operation, like Crimea highlighted the forceful but essentially non-violent use of the military in the culminating phase of a years-long process of subversion described as "the Anschluss from within."³⁶ Therefore to understand new generation warfare fully we must realize that it is not primarily a military strategy even if it is a strategy for protracted conflict and that it comes very close to being, at least in Russian, if not Chinese terms, a "whole of government" strategy or general national security strategy whose instruments must be analytically disaggregated in order for us to grasp this phenomenon in something like its totality.

Non-Military Instruments

These non-military instruments are possibly the most interesting parts of the Russian equation. The commingle the elements of systematic long-term corruption of the targeted country's economic-political institutions and processes through the use of intelligence penetration, economic leverage, and organized crime. And all of those tendencies are linked to Russia's forms of information war or warfare (IW). We have long known that Putin's Russia is a kleptocracy that has subsumed Russian organized crime within it.³⁷ But Russian organized

crime has deep international tentacles abroad whose purpose are not just enrichment but also the corruption of neighboring states. Recent evidence from Spain highlights the intimacy between Russian organized crime and the Putin regime.³⁸ But as observers like Edward Lucas and Misha Glenny, among many others point out the linkages between organized crime syndicates throughout Eastern and Central Europe with Russia are also far-reaching and bring together intelligence personnel “businessmen” and media figures since often these “oligarchs” are media magnates in their host countries and are closely tied to Russian governmental institutions.³⁹ Indeed, a recent paper for the Valdai club about the Mafia, ostensibly discussing Italy, makes clear that the hallmark of the contemporary organized crime syndicates is their ability to penetrate government and economic structures in their host countries. And they also emphasize that Russia has long been a criminalized state as well.⁴⁰ Obviously such penetration can be orchestrated from abroad as we see from the examples of Spain, and those cited all these authors.

Throughout Central and Eastern Europe we have abundant evidence over the years of the corruption of public figures, movements, and economic-political institutions from the Baltic to the Black Sea on the basis of Russian money and official subsidies.⁴¹ These Russian subsidies, as we have now learned, go not only to businesses but to extreme right and left-wing political parties from Great Britain to Greece and clearly evoke memories of the Soviet Union’s subsidization of foreign communist parties. In many cases, as Lucas observes, the same people who are running businesses or media firms are also intelligence agents and when one combines this full-court press in European and American business and think tank sectors, including media with the enormous increase of outright espionage to a level equaling that of the

Andropov and Brezhnev era we can get a better sense of the full scope of these aspects of new generation war.⁴²

Beyond these linkages among spies “businessmen” subverted political parties and leaders, and media penetration we see other dangers emerging from the linkage of organized crime and the state. Federal legislators and investigators now see an expansion of the pre-existing relationship between Russian organized crime groups and gangs in Russia and beyond with hacking groups and thus a growth in the already well-established practice whereby Moscow sources its technology, world-class hacking talent and even intelligence information from local cyber crime rings.⁴³

At the same time on a daily basis energy provides the funding or the major source of it for these operations across Europe or the boost given by it to other sectors of Russia’s economy fueled the expansion of other business sectors into Europe with the goal of gaining leverage over the “commanding heights” of European economies. Ukraine before 2014 represented a paradigm of this use of corruption, economic leverage over energy and the exploitation of Kyiv’s own feckless misrule to establish a situation where *Putinized* Russia played Ukrainian corruption to its benefit.⁴⁴ Putin exploited all these factors not just to create and expand economic leverage over Ukraine but also to corrupt its government and élites, and create a powerful basis for de facto destruction of Ukraine’s independence. As one recent study observes of this process, due to Putin’s machinations and Ukraine’s own shortcomings, “Soon, Ukraine would accumulate debts and then the intermediaries (between Moscow and Kyiv-SB),

acting as “Trojan horses” at Russia’s behest, would spearhead the effort at quashing Ukraine’s sovereignty.”⁴⁵

Therefore the combination of information warfare (IW) or information operations (IO’s), criminal penetration, incitement through diasporas or other similar organizations, and intelligence subversion of politicians and political institutions, when combined together, represents a potentially lethal form of warfare aiming to destabilize a state and could serve as a paradigm or as elements of a paradigm for asymmetric war.⁴⁶ And we see these operations occurring on a long-term, continuous basis.

Information Warfare

Perhaps more information in the West has been devoted to this segment of the paradigm. But again, while the technology is new the practices involved are not. As noted above, we must remember that Russian IW aims first of all at solidifying domestic support as the center of gravity. Putin and his team have “weaponized information” to command the loyalty of the Russian people and this process began first of all with the suppression of critical media during the Chechen war of 1999-2007.⁴⁷ By 2007 the government, not just individual military writers had fully grasped the potential of IW. Of no less importance is the fact that current wars have brought home to the Russian military that, “It is difficult to overestimate the importance of the information factor in local wars and armed conflicts of the early 21st century.”⁴⁸ Writing in 2006-07, Deputy Premier and then Defense Minister Sergei Ivanov indicated Moscow’s full awareness of IW and that it was a surrogate for a more classical military kind of operation. Indeed, Ivanov openly admitted that IW and **Information**

Operations (IO) allowed Moscow to find a new weapon to use in what might be called purely political, i.e. non-violent, warfare and update the Leninist inheritance of using Communist parties, fifth columns, and intelligence penetration of targeted societies as weapons in what became the Cold War to obtain political and strategic advantages. Ivanov observed that,

The development of information technology has resulted in information itself turning into a certain kind of weapon. It is a weapon that allows us to carry out would-be military actions in practically any theater of war and most importantly, without using military power. That is why we have to take all the necessary steps to develop, improve, and, if necessary – and it already seems to be necessary – develop new multi-purpose automatic control systems, so that in the future we do not find ourselves left with nothing.⁴⁹

This line of reasoning also applies to the other non-Russian authoritarian regimes in the CIS who regard U.S. and/or NGO efforts to promote democracy as forms of IW. Thus Belarusian Television 1, the government's official channel, openly stated that, "a war of a new type, based on networks of organizations, is being waged on the post-Soviet space."⁵⁰ Typically this "network war" is being directed by the State Department and U.S. intelligence services who direct the activity of thousands of smaller organizations and which was first tried out in Ukraine's 2004 election campaign.⁵¹ More recently in late 2011 Putin, as Prime Minister, claimed that Secretary of State Hilary Clinton gave a signal to opponents of the Russian regime to demonstrate against the patently false elections that had just occurred.⁵² But what is most interesting is the description of the tactics of this operation that closely resemble what took place in Estonia in 2007 (in other words Moscow employed what it professed to believe were its enemies' tactics against Estonia in its own cause). According to this Belarusian report,

Political technologies and manipulating information form the basis of "the network war." Networks consist of numerous nodes, and each of them, civil organizations,

movements, foundations, human rights activists, and the mass media, are playing their particular role: staging protests and pickets, conducting seminars and publishing articles and reports, in other words, displaying any instance of public activity seeking to deliberately destabilize the situation in the country. --- [in Ukraine in 2004] the number and intensity of democratization programs have been stepped up, the target audience and the net of pro-Western forces are being expanded. Youth, women, and religious organizations, independent trade unions and regional opposition unions and the mass media are seeking to implement a civil eruption scenario with numerous sources of fire.⁵³

Thus according to this line of reasoning all opposition political activity is essentially an act of war against the government and more likely than not, supported or funded, or directed from abroad in a deliberate act of war against the targeted state. Ultimately this leads governments like Russia to equate all dissent with treason.⁵⁴ Therefore if IW“is essentially the implanting of one’ own *Weltanschauung* (world view) in a targeted population,” then the Russian response must be a state-directed campaign of patriotic indoctrination and suppression of foreign and therefore noxious communications.⁵⁵

Nikolai Patrushev as head of Russia’s Federal Security Service (FSB) in 2007 called upon CIS states to expand cooperation between secret services, security agencies, and law enforcement agencies to fight the use of the internet for terrorist purposes (of course the hidden agenda is also to stifle dissent in all these states, but nonetheless the threat to which we and he are referring is real enough).⁵⁶ Similarly the Chief of the CIS Anti-Terrorist Center, Police Colonel-General Andrei Novikov, told a meeting of this organization that the expansion of terrorist activity from the Balkans to Afghanistan places every member of the CIS within the orbit of terrorist information warfare. Therefore,

Terrorism not only exchanges information with the help of the Internet and recruits new members, but also carries out active propagandist work. This circumstance dictates the

need for developing adequate and effective strategic methods of information counteraction on the part of CIS states.⁵⁷

Novikov and Patrushev had and still have very good reason for their anxiety about IW conducted by terrorists. Russia, according to the author's conversations with Russian analysts, has also been victimized in this regard as part of the Chechen war (indeed this aspect of that war has received hardly any coverage). Thus reportedly in late summer 2007 the Russian armed forces went off-line because so many hackers and penetrations of the system were recorded from pro-Chechen sources that their network could not cope with these threats.⁵⁸ Certainly the Russian government understands both the opportunities and threats as President Putin had advanced a plan in 2007 and called upon Russia to become a global leader in IT but also warned at the same time that Russia must guard against the threat of cyber-terrorism. Therefore it needed to develop innovative companies and replace foreign components by domestic products.⁵⁹ Similarly the report of a leading Russian think tank, The Council on Foreign and Defense Policy (Sovet Vneshnei i Oboronitel'noi Politiki-SVOP) "The World Around Russia: 2017 warned that,

The emerging global system, which involves economic globalization and the spread of information technology, opens up unprecedented opportunities for development, but at the same time makes the entire system increasingly exposed to terrorism, WMD, and IT weapons.⁶⁰

And, as noted above, Russian officials grasped the power of IT from the "color revolutions" after 2000. Dmitry Frolov, an official from the FSB's Information Security Center, cited Georgia and Ukraine to Duma legislators and observed that the Internet was, "becoming a serious player on the information field capable of shaping public opinion [and it had the capability] to mobilize political forces against the authorities in their state." Therefore he concluded that the

jurisdiction of Russia's *Siloviki*, (power structures) to monitor electronic communications

"should be substantially expanded."⁶¹It is as a result of that war and the widespread belief that

Russia had lost the 1994-96 war due to the negativity of the media and public opinion, as well as the information warfare that characterized Russian politics in the late 1990s that Putin set for himself the task of first suppressing the Russian media and then using that to broadcast the world his narrative which, with the aid of the other instruments catalogued here, have enabled him to inhibit Western responses and opinion. While the purpose today is to prevent Western unified behavior or and impose a narrative rather than to mobilize people for a revolution as in the Soviet period, the purpose of mass indoctrination and subversion of both domestic and foreign media remains the same.

That purpose is not to measure popularity but to put the entire population under unremitting surveillance and shape behavior. And, as the following quotation demonstrates, there exists a direct line of filiation from the early Soviet period to the present in acknowledging the absolute centrality of domestic IW as being the first priority of the state and from the use of mass ideological appeals in those days to today's use of the information weapon at home and abroad. Thus Peter Holquist writes about the Cheka and NKVD of the interwar period that its purpose was first of all surveillance and second, the direction of the targeted population's behavior. Specifically,

As used here, surveillance refers to information gathering and handling of a particular type; that which observes the population's attitudes, in aggregate, for political purposes (Politics being understood as the endeavor intended par excellence to transform the world). That is, surveillance is the collection of information for the purpose not of reporting the population's collective mood but of managing and shaping it.⁶²

Here it is useful, bearing in mind these observations about IW to compare new Western and Russian thinking (even before Gerasimov's 2013 article) on IW. LTC G. John David of the USMC appears to have grasped that the larger Russian concept of IW and IO's goes beyond networks to the ideological manipulation of the population. Thus he writes,

Information dominance is more than the ability to command, control, and protect friendly systems while gathering intelligence from the outside. The concept implies the ability to master not just internal dynamics, but to project and successfully promulgate information themes, and ultimately cohesive ideas that will take hold in a connected world. Parties to contemporary conflict include a near-infinite variety of interested observers. If information conflict can be characterized as a clash of convictions, information dominance must include dominating the whole information space – not just a closed, defensive barrier whose participants are necessarily already in concurrence. To dominate requires an offense, the ability to influence the broader information environment beyond the JIE (Joint Information Environment).⁶³

Russian sources dating back to 2006 if not earlier have also forcefully expressed this view. *Voyenny Vestnik Yuga Rossii* (The Military Herald of South Russia) published in late 2006 an account of the tasks of the North Caucasus Military District's Personnel for 2007 that was a much more comprehensive threat assessment.⁶⁴

Contemporary international military-political relations are characterized by a rigorous **informational-psychological warfare** that is aimed at undermining Russia's statehood and integrity. In this connection daily attacks are made according to two criteria: the external and internal information environments. Influence is being exerted on our country's population not by means of direct military interventions but by the adept exploitation of the national and religious contradictions within.⁶⁵

Direct military threats thus included, "**The informational-psychological influencing and infiltration of different spheres of the Russian Federation's vital activity, which may entail the disabling of the system and military administration and control.**"⁶⁶

Subsequently Putin has openly claimed that information weapons and capabilities are an instrument for the leverage of Russian and other states' political systems. In February 2012, he wrote that,

The notion of "soft power" is being used increasingly often. This implies a matrix of tools and methods to reach foreign policy goals without the use of arms but by exerting information and other levers of influence. Regrettably, these methods are being used all too frequently to develop and provoke extremist, separatist, and nationalistic attitudes, to manipulate the public, and to conduct direct interference in the domestic policy of sovereign countries. There must be a clear division between freedom of speech and normal political activity on the one hand, and illegal instruments of "soft power" on the other. ---The activities of "pseudo-NGOs" and other agencies that try to destabilize other countries with outside support are unacceptable.⁶⁷

Leading think tanks like the Valdai Club also endorse this view. In their recent paper on Russia's defense reform members of the Club wrote that,

Military operations are designed to not only defeat the enemy physically, but also to crush their morale, and not just of the troops but also of the people and the government. Factors such as the depth of support for the war among the general population play an increasingly important role, and accordingly, so does understanding and using culturally specific features of the enemy and his political system, including through exposure via the media. The distinction between "civilian" and "military segments of society is disappearing. The aim of a military campaign is to impact not only the enemy army, but also its society, understood in terms of its cultural as well as its physical aspects. This trend makes it necessary to conduct joint "civilian-military operations," rather than purely military ones.⁶⁸

Therefore we can argue that at least in the efforts to influence a society's "information space," there is no distinction between war and peace and some would also argue among war, peace, and the use of social technology for criminal purposes. This is a new phase in a process of "neither war nor peace" and a direct continuation of the Leninist tradition of a constant state of siege within and between states, societies, and blocs. Similarly there is no hard and fast definition (unlike US thinking) between war and peace. Conflict in this environment is

constant and one major target, especially in domestic political arenas or among populations at war with each other, is the mentality of the "home front".

By 2008 authoritative military writers were publishing detailed analyses of netcentric warfare and effects based operations (NCW and EBO respectively) as they understood it.⁶⁹ There is also good reason to argue that the current defense reform, launched in the wake of the disappointing performance in the Russo-Georgian war of 2008, aims to create an army capable of conducting NCW and EBOs understood by Russia's leaders in future wars.⁷⁰ Other writers focused on the advent of IW in all its operational and political forms, e.g. creating the basis for public information and political support as well as protecting critical civilian and defense infrastructures, again accusing Washington of waging IW against Russia, in this case on behalf of Georgia in 2008.⁷¹ Since the Georgia war these themes have been amplified in the literature and political statements.

For example, according to Colonel S.G. Chekinov in future wars electronic warfare will become an independent operation in its own right, not just a support operation. Likewise, we can expect further technological breakthroughs in next age generation weapons that will combine physical, informational, psychological, and even biological weapons in combat over vast areas, including outer space, i.e. multi-dimensional warfare.⁷² Remote operations will occur as much as direct force on force missions, the battlefield will be transformed into a "combat environment" concept, including virtual targets and the enemy's entire range of psychological orientations and capabilities.⁷³ In this environment, the computer will become a strategic weapon in and of itself. Furthermore,

It may be assumed that the informational and engineering components of the so-called information weapons will be able to paralyze the enemy's poorly defended computerized troops and weapons control systems and deprive the enemy of an opportunity to transmit information.⁷⁴

Thus,

In terms of content, therefore, the main specific aspect of armed struggle in wars and armed conflicts of the 21st century is that the new forms of military operations can be multidimensional and fought in all areas of armed struggle (Land, sea, and air/space), where electronic, economic, psychological, informational warfare, and armed force will be used with growing intensity over time and terrain to achieve decisive results in the shortest time period and to deprive the enemy of initiative and freedom of maneuver.⁷⁵

Chekinov and Lt. General S. A. Bogdanov (RET) have subsequently argued that information weapons already can actually tackle strategic tasks such as disorganizing enemy military and state control, and the aerospace defense system (which Russian writers expect will be the first target in a conventional offensive) , deceiving the enemy, creating the desired public opinion, organizing protests against the enemy government, and launching other operations aiming at reducing the enemy's will to resist.⁷⁶ Indeed, they agree that today the focus of both interstate and intra-state confrontation is turning towards non-military means, including informational means, not least because of the danger of mutual annihilation in a nuclear conflict.⁷⁷ But this also means that new technologies can generate what they call climatic weapons, and that new methodologies can induce dozens of different pathways for psychologically manipulating and controlling an enemy to follow a prescribed course of ultimately self-destructive actions (this sounds like the old Soviet concept of reflexive control). The supposed next generation of weapons that could combine psychological, informational, and even biological attributes and will be based, in the famous words of Marshal Ogarkov, upon "new physical principles" exemplifies this trend. Along with a plethora of Russian

officials from Putin down they charge the US with developing and deploying these methodologies in the color revolutions in Georgia, Ukraine, Central Asia and elsewhere.⁷⁸

In this context the authors charge that the US after 1945 developed what they call “the **organizational weapons**’ (the irony here is that the Communist Party type of organization developed by Lenin was originally and rightly called the organizational weapon), whose purpose is “to eliminate a certain society, organization, company, or family (the mission does not have to be on a global scale.).⁷⁹ Like Gareyev they argue, therefore, that states that cannot defend their information security put their economic and political independence at risk. American and allied military conduct in the last few decades produced an “object lesson” in showing how active information operations can impact the mass consciousness of societies and governments, and ultimately their military control that allowed the US and its allies to secure their military-strategic goals.⁸⁰ Finally the US may go beyond IW to new climactic weapons, in particular they cite the US High Frequency Active Auroral Research Program (HAARP), as possessing the capability to manipulate the weather and cause natural disasters, earthquakes, tsunamis, floods, tornadoes, droughts, etc. And here they quote a Russian “defense expert” Yuri Boylov that everything that occurred in the Indian Ocean tsunami of December, 2004 was the direct result of US local tests of radio-physical and geographical superweapons under the HAARP program.⁸¹

Finally **Russian writers have now come up with the concept of an information-strike operation (IUO-Informatsionnaya-udarnaya operatsiya).**⁸² This operation could be targeted against enemies’ strike platforms, troops, its society, or some combination thereof and has come

to assume an important place in new Russian thinking about operational art.⁸³ Once again we see efforts being made, with interesting and even successful results as in the domestic and Georgian cases, to update not only the Leninist threat paradigm but also the inheritance of Soviet military art. This is not to say we have a mere derivation of the latter for contemporary purposes. Rather Russian writers and officials dealing with these issues have evolved and are further refining concepts that they find strategically useful from the inheritance bequeathed to them from their Soviet forbears. This process has thus led them to view IW and IO in much grander and arguably much more realistic strategic fashion than has most US and Western writing on the subject. Russian thinking goes far beyond the use of IW to disable weapons systems, C3I, or physical infrastructure to embrace a vision of conflict against a society's overall mental patterns.

If one takes together the entire ensemble of military and non-military instruments and their significance as understood by Moscow it becomes clear that what we see is a creative upgrading of both Soviet and Western theories of war involving the most up to date technologies. These instruments are used all together in a multi-modal fashion, organized crime, IW, energy and other economic pressures and political and intelligence subversion being constant operating factors (to use Stalin's term) in the enemy's rear and among his elite to prepare the ground for what is intended to be a rapid and decisive military strike that will itself have profound psychological repercussions. IW, using cyber and other new technologies, as well as older ones like television and newspapers, permeate all of these instruments besides being a network of instruments in their own right. But IW's effectiveness is compounded with the constant use of all these other instruments.

Therefore what we see in Ukraine and Syria is not something new but the materialization of years of thinking and operating going back to the interwar era. We should also note that this is not primarily a military strategy but one executed as much by the FSB and its predecessors, Cheka, NKVD, and KGB. These are the people who taught Putin and his colleagues and who formulated and executed the interwar strategy of finding ideological-political surrogates for insufficient military force. Moscow's successes in Syria and Ukraine as well as those operations' outgrowth from previous ones in Georgia and Estonia tell us that that Moscow will continue using them along with force majeure. Yet we still have no strategy against these phenomena or an understanding of their origins and development. Can we allow this state of affairs to continue uninterrupted?

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4) Europe at Sea: The Refugee Crisis 2015-16

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Of late Europe has been in the news for all the wrong reasons – Euro debt crisis, economic recession, rising unemployment especially youth unemployment refugee crisis, Brexit. European cities have suffered terror attacks resulting in civilian deaths, which in turn has seen shrill voices against immigrants. The anti-immigrant onslaught has been led by rightwing parties that are gaining popularity across Europe so much so that mainstream parties are co-opting many of their positions. One may recall the debates, discussions, discourse prior to Brexit - immigration, securing borders, wresting from the European Union decisions relating to entry-exit and borders were high on the agenda. Many pre-poll surveys indicated state of economy, number of immigrants, Britain's ability to make its own laws were the top concerns in the last June 23 referendum. ¹

2015-16 was especially important when such debates and concern and pre-occupation with migrants continued. This was because this was the period when Europe experienced the largest inflow of refugees. And this category of migrants that is the refugees is what this paper focuses on. Refugee movement is not new to Europe. In fact most European states had very generous asylum provisions. But the influx of refugees in 2015 was in many ways unprecedented. Asylum applications in the European Union in 2015 have surpassed those in the last thirty years. The number of arrivals was as high as 10,000 per day. ² This paper is divided into two sections. The first section outlines the paradigm shift in refugee protection in Europe and the role of the EU in agenda setting vis-a-vis immigration issues. The second focuses on the current influx and the responses. The paper argues that the volume of movement has seen knee-jerk and negative reactions from the European states. While the increased numbers added complexity to the necessity of protecting the negative, restrictive and at times discriminatory policies that European states followed is a logical culmination of the way discourse, debate and policy on immigration and asylum has evolved in the post-Cold War period.

I

Paradigm Shift

In the aftermath of the Second World War, a Europe divided in capitalist and communist camps soon lapsed into another war—the Cold War with clear ideological overtones. Each camp competed to prove their supremacy. In this period of competition and conflict refugees acquired an inherent ideological value for the Western block. Movement of individuals to the West was welcome as it discredited the communist model. This coupled with the guilt of World War II atrocities resulted in adopting a liberal regime of entry coupled with generous conditions of long-term stay in liberal camp countries. The 1951 Geneva Convention on refugees that all these countries adhered to awarded a special treatment to 'political refugees' and focused on the individual rather than group, through a universal definition. It was thus designed to cater to refugees from communist states.³

The 1951 Convention covered only those persons who have become refugees as a result of events occurring before 1 January 1951. The Convention is a binding instrument and states that ratified it are under the obligation to grant refugee status to persons who came under its remit and in principle have no discretion on this matter. In addition to this given that new refugee situations had arisen a protocol relating to the status of refugees was adopted in 1967.

Article 1 of the Convention defined refugees as persons in need of protection outside the borders of their country of nationality or habitual residence on account of a well-founded fear of persecution for reasons of race, religion, nationality, membership of a particular social group or political opinion. This along with Article 33 prohibiting *refoulement* meant that once refugee status was awarded it was almost invariably accompanied by permanent stay.⁴

During the Cold War period the general approach of receiving countries was by and large welcoming and aimed at integration of refugees into the host society. Refugees admitted under the Convention enjoyed generous standard of protection in Western European countries and generally benefited from social rights and the right to work at par with nationals of the country of reception and were also entitled to family reunion. Besides they were also given travel documents and identity papers which enabled them to travel around Europe without a visa as most of those countries were signatory to the Strasbourg agreement. Attitudes of governments, media and populations tended to be favourable and positive vis-à-vis the refugees.

However, by the end of the 20th Century refugees became a problem and the issue became increasingly politicized. A number of factors pushed a rethink of refugee policy. By the end of 70s European economies experienced recession, this was also the period of increase in number of asylum seekers reaching Western Europe. From 1983 onwards asylum applicants increased

every year with 73,700 applications in 1983 to 692,685 in 1992.⁵ Within Europe the European Union without frontiers was a new reality. November 1989, the Berlin Wall came down and in December 1991 the Soviet Union itself disintegrated. Cold War had come to an end with Western capitalism and liberal democracy emerging winners. But the tragic ethnic conflicts as in Yugoslavia that followed at the wake of communist bloc collapse led to mass movements of refugees in scale unheard of since the Second World War. In the period between 1993-94, an estimated 504,400 people migrated to Europe.⁶

This led to near overhaul of the post-World War II regime. A comprehensive policy with many components, was formally endorsed by UNHCR in 1992 for the treatment of the refugee movements from former Yugoslavia. Critiques have argued that the primary purpose of this approach was to ensure that the smallest possible number of refugees would reach the West. It included preventive action, intervention in the country of origin, in-country protection, restrictive measures on asylum, regional containment, temporary protection, and repatriation. It was to be implemented through a variety of modes and instruments in varying combination according to the crisis involved and its geo-political situation. The sacrosanct sovereignty principle does not hold sway in the same manner any longer, as noted by UNHCR

‘This is in keeping with a growing tendency for the international community to concern itself with conditions that until recently would have been treated as internal matters: violations of human rights, repression of minorities, indiscriminate violence and persecution. Such conditions can no longer be seen as falling within the realm of domestic concern, especially when they affect other countries by causing an outpouring of refugees.’⁷

Gradually what replaced the liberal asylum and refugee regime of the Cold War period was an increasingly restrictive regime. A growing reluctance to implement commitments undertaken was clearly noticeable leading the UNHCR to observe ‘non-compliance with international treaty obligations for refugees is becoming something of a global norm’. In Europe, the European Union particularly prepared conventions and a great number of soft instruments to restrict entry. The terms ‘bogus’ asylum seekers or ‘asylum shopping’ gained currency and were used to justify the switch to restrictive regime. Refugees were now looked as economic burden and source of ethnic and racial tensions. The European Union has thus sought to define refugee in a way, which excludes those for whom agents of persecution are not the state. As Joly observes, ‘paradoxically it is when an increased number of states adhere to the Geneva Convention that it is less and less implemented. The wings of the Convention are being clipped through an array of measures...’.⁸

In the context of Europe and the refugee issue the European Union has been engaged in formulating a Common Immigration and Asylum Policy for the member states. The post Cold

War shift is clearly discernable in this policy. The beginning was made in 1999 at Tampere where the EU Heads of State and Government met and established a Common European Asylum System. During the first phase between 1999 and 2005, several legislative measures harmonising common minimum standards for asylum were adopted. The four important legislative instruments were the Directive on Reception Conditions for asylum-seekers, the Directive on the Qualifications for becoming a refugee or a person needing international protection; the Asylum Procedures Directive, and the Dublin Regulation, which determined the Member State was responsible for examining an asylum application. Financial solidarity between the Member States was also promoted with the establishment of the European Refugee Fund. In 2007 a Green Paper was published evaluating the implementation/working of existing instruments that formed the basis for the European Commission's Policy Plan on Asylum presented in June 2008. The new EU rules are basically revised rules that claim to be setting out common high standards and stronger co-operation to ensure that asylum seekers are treated equally in an open and fair system. Thus one can talk of '**The revised Asylum Procedures Directive**' that aims at fairer, quicker and better quality asylum decisions or '**The revised Reception Conditions Directive**' that aims to ensure that there are humane material reception conditions (such as housing) for asylum seekers across the EU and that the fundamental rights of the concerned persons are fully respected. Besides there was '**The revised Qualification Directive**' that clarifies the grounds for granting international protection and '**The revised Dublin Regulation**' aimed to enhance the protection of asylum seekers during the process of establishing the State responsible for examining the application.⁹

While there are a host of instruments like the Guidelines from UNHCR documents, the European Convention on Human Rights and Fundamental Freedoms (ECHR), the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment that allow grant of some sort of protection either directly or indirectly at the same time the measures introduced at European and national levels make it increasingly difficult for an asylum-seeker to fit the Geneva Convention criteria. Under the EU Joint Position on the harmonised application of the term 'refugee' in Article 1 of the Geneva Convention the interpretation of the definition criteria is stricter and narrower: standard of proof of persecution, agent of persecution, internal flight alternatives. Protection has also assumed new meanings. In some cases access to the procedure is made possible outside the country of reception, in the country of origin or transit and under the Dublin and Schengen Conventions it has become impossible to apply in more than one country of the European Union.¹⁰

Under the previous asylum regime protection implied three possible solutions - permanent settlement in the country of exile, resettlement after a temporary stay in a transit country or repatriation from the later. Today protection has come to mean primarily in-country protection

and repatriation from temporary solutions if a border was crossed.

Notwithstanding the Regulations discussed conditions of reception often include detention, limitation in the freedom of movement, reduced or no welfare benefits, limited rights to education or to work with the clear purpose of deterring arrivals or applications. In fact each country tries to outbid the other to ensure that they do not 'attract' too many asylum-seekers.¹¹ Repatriation is the buzzword not only among policy-makers but also NGOs in Europe.¹² The general attitude of governments, media and populations is now cautious if not hostile to refugees and asylum-seekers. Racism and xenophobia are on the rise.¹³

II

The Crisis

The preceding discussion clearly points out that from 1999 onwards there was attempt at synchronization of Asylum policy in Europe at many levels albeit with a restrictive thrust. The influx of the refugees in 2015 rattled and shook the very foundation of that policy. So at the wake of the crisis we find in Europe is what one could characterize as more of states and less of EU – meaning the EU as one voice could not be heard, what we heard were discordant notes, voices, member states doing their own thing. The responses varied most importantly because not all member states were equally and identically affected. Italy, Greece, Hungary were reception countries, Sweden, Austria, Germany – destination countries.

Europe as indicated earlier is not new to people struggling to make it to its shores. In the years that followed the Second World War the largest refugee peak in the West occurred in the 1990s, when three million fled Yugoslav conflict. Thereafter in the 2000s, refugee numbers declined only to peak again in 2011, after the Arab revolutions sent people fleeing the ensuing conflicts and the open southern Mediterranean shore allowed refugees to enter Europe from conflicts in places like Eritrea. That peak abated in 2012-13, but picked up immediately in 2014-15 when hundreds of thousands of Syrians fled the escalating war there. In the 1990s many feared that the Balkan conflict would last forever and the millions of refugees would be permanent. Those worries were proved wrong when estimated two-thirds of the 1990s refugees returned to Bosnia, Croatia and Kosovo and the third that stayed became well-integrated citizens of Germany. There is no evidence to prove that it is going to be any different for the current Syrian refugees.¹⁴

In 2015-16, refugee crisis challenged Europe at two levels. One was to develop a coherent, collective response led by the European Union that as discussed was the main motor of the Common Immigration and Asylum policy. Two, the visuals of helpless men, women and

children making desperate attempts to reach Europe in unsafe overcrowded boats across choppy Mediterranean Sea could hardly be ignored by European states tied in a Union based on values and human rights.

The response to this latest bout of refugee influx since 2014 exposed EU fault lines clear and stark. On the one hand we had in the summer of 2015 Merkel committing Germany to an open door policy and on the other there was Orban's Hungary putting up a fence to stop the inflow.

The International Organization for Migration (IOM) estimates that in Europe in 2015 more than **1,011,700** migrants arrived by sea, and almost **34,900** by land. The EU's external border force, Frontex, monitors the different routes migrants use and numbers arriving at Europe's borders and put the figure crossing into Europe in 2015 at more than 1,800,000.¹⁵

Compared to refugee waves in the 1990s the current cohort of asylum seekers is more diverse. Asylum seekers arriving to Europe tend to be disproportionately young and male: 74 per cent of first-time asylum applicants are male and 82 percent are below 35. Selective data from various Member States show that most of them are low-skilled. UN data also shows that a large portion of the refugees are unaccompanied and separated children. UNHCR reports that of the 100,264 children that arrived in Greece, Italy, Spain and Bulgaria, 34 percent were unaccompanied and separated children. 92 percent of all children arriving through the Central Mediterranean Route were unaccompanied and separated children.¹⁶

Full integration of refugees would mean providing them with housing, education, training, access to the labour market, social and health services. This is a costly strategy. IMF estimates suggest short term fiscal costs for asylum care are considerable -Austria (at 0.08 and 0.23 percent of GDP), Finland (at 0.04 and 0.28 percent of GDP), Sweden (at 0.2 and 0.7 percent of GDP), and Germany (at 0.12 and 0.27 percent of GDP) are expected to have the largest spending increases in 2015 and 2016, respectively, relative to 2014. Participation in the labour market is, according to experts, the most significant factor favouring long-term integration into society as this is central to fiscal contributions refugees make to the host society. The large number of asylum seekers who came in a short span of time, their age structure, integration demands and cost all make refugees a sensitive issue.¹⁷

European Union's response was two-fold- one to stem the flow and other to distribute the ones who had already entered across states in Europe. One way to stem the flow was to introduce tougher policing of the borders. Thus in October 2014 the European Union's program known as Mare Nostrum, which handled the Mediterranean influx by rescuing boat people and bringing the victims to Europe was replaced with a tougher program known as Operation Triton, in which the search-and-rescue vessels and airplanes were largely replaced with border-

protection operations. Unfortunately as many argued this did not have the desired result as the inflows did not stop only the number of deaths at sea increased from 17 in the first four months of 2014 to 900 in the first four months of 2015.¹⁸ The other was to enter into deals like the one with Turkey or the one with countries of origin as in Africa. The Valletta Summit on Migration, also called the Valletta Conference on Migration including leaders of the countries of origin, transit or destination of the migrants was a summit held in Valletta, Malta on 11–12 November 2015, in which European and African leaders discussed the European migrant crisis¹⁹. The summit resulted in the EU setting up an Emergency Trust Fund to promote development in Africa, in return for African countries to help out in the crisis. The fund pledged €1.8 billion in aid, with other development assistance of €20 billion every year.²⁰ The leaders also pledged action to improve the situation in the Horn of Africa, the Sahel, Lake Chad and other parts of Africa to reduce the flow of refugees. They also promised to promote regular migration channels and implement policies for integrating migrants into society. The new plan developed by the European Commission will work in tandem with a deal between Italy and Libya similarly aimed at preventing migrants from leaving African soil, while improving the conditions in camps housing migrants in Libya.

A similar deal with Turkey was signed in 2016. The EU and Turkey agreed to a “refugee deal” on 18 March 2016 that went into effect on April 4. The deal stipulates the return of individuals arriving irregularly by boat to Greece back to Turkey, in exchange for increased EU resettlement of Syrians from Turkey, large sums of aid to Turkey and the easing of EU visa restrictions for Turkish citizens. The deal aimed at returning all “irregular migrants” crossing from Turkey into Greece from 20 March. The Greek authorities would individually assess each arrival. In the first week, Greek officials have returned 326 individuals, the vast majority of whom are Pakistani nationals. For each Syrian returned to Turkey, a Syrian migrant will be resettled in the EU. Priority will be given to those who have not tried to illegally enter the EU and the number is capped at 72,000. The deal would also ease visa restrictions allowing Turkish nationals access to the Schengen passport-free zone by June. This would not apply to non-Schengen countries like Britain. Moreover, the EU allocated €3bn in aid to Turkey to help migrants and both sides agreed to “re-energise” Turkey’s bid to join the European bloc.²¹ The deal has been severely criticized by human rights organisations like Amnesty International, which allows Europe to go back on international commitments.²²

Distribution of refugees was a sticking point. On 22 September 2015 European Union ministers approved a plan to share the burden of relocating up to 120,000 people from Greece and Italy, two of the three countries where the highest number of migrants have arrived in Europe.²³ On the basis of its economic strength, population, unemployment and the number of asylum applications it has approved over the last five years the plan assigns each member state a set number of people.²⁴ The Czech Republic, Hungary, Romania and Slovakia vociferously opposed

the quota allocation, their dissenting votes were overruled.²⁵ Interestingly one need point out that this was not the first time that refugee allocation was being done. In 2008 in response to a substantial number of asylum seekers arriving in Malta the EU developed a joint response. In May 2011 the European Commission had organized a Ministerial level pledging conference for the relocation of migrants from North Africa who had entered Malta. The EU Pilot Project on the Intra EU Relocation from Malta (EUREMA II) began in 2012 and concluded in mid 2013. Under EUREMA II seven member states – Bulgaria, Hungary, Poland, Romania, Slovakia, Lithuania and Portugal pledged a total of 91 places.²⁶ This shows that prior to the current crisis the Central European states had willingly partnered relocation.

As the large inflow of refugees to Europe from 2014 continues the initial difference in position of the Central and East European countries and the West narrowed. In the unfolding refugee crisis countries of CEE – Hungary, Slovakia, Czech republic, Poland, Croatia have come out as vehemently anti-immigrant/ anti-refugee. They have refused to agree on mandatory EU quotas to resettle refugees within member states. Their leaders have made it clear that even the small numbers that they take in have to be Christians, Muslims are not welcome. Orban's response was harsh rhetoric, tough new asylum laws and a 175 km fence along the southern border. Macedonia followed suit by erecting a razor wire barrier along the Greek border, with materials provided free by Budapest. As the migrant crisis unfolded surveys show support for Mr Orban at 48 per cent, up from 32 per cent he enjoyed before the crisis began.²⁷ Mr Orban's circle of like-minded leaders has grown in size since Poland's rightwing Law and Justice party in October won an overall majority in the country's parliament in 2015.

Poland, Hungary, Slovakia and Czech Republic, are now co-operating more closely on border security and political matters, forming a hardcore of eastern EU states skeptical of immigration proposals from Berlin and Brussels. Hungary and Slovakia are as pointed out challenging a European Commission plan to share the burden of refugees across the bloc at the European Court of Justice. Hungary and Slovakia initiated legal action against the European Commission over its mandatory refugee quotas.²⁸ Hungary is slated to receive 1,300 people. The EU has tried to assert itself vis-à-vis states for ensuring implementation of common asylum standards. On 23 September 2015, the European Commission sent formal notice to 19 Member States for failure to comply with EU law in the area of migration and asylum.²⁹

In February 2016 Orban proposed a referendum request regarding the migration crisis. When asked in an interview, 'Do you want to divide Europe?' Orban replied that **compulsory** settlement quotas cannot be decided disregarding the people as such decisions not only have critical bearing on their life but also affect future generations. '... the quota is reframing the ethnic, cultural and religious profile of Hungary and Europe. I have not decided this way

against Europe, but for protecting European democracy' he said. Orban said he understood the basic principle of democracy to be loyalty to the nation.³⁰

Hungary was not a lone voice. In 2015 polls in the Czech Republic indicated that majority (94percent) demand refugees to be deported and borders sealed. Czech President Milos Zeman (2013 left wing candidate) defended 'ordinary' Czechs, their feelings he said are not racist or fascist. Zeman unambiguously stated that he was against Islam in Czech republic. He called the wave of refugees coming to Europe an "organised invasion". In his Christmas message, Milos Zeman said that young men should not come to Europe and should stay in Syria to fight ISIS. In November 2015 Mr Zeman attended an anti-Islam rally in Prague. ³¹Following elections in November 2015, a centre-right government with far-right nationalists in cabinet is in place in Croatia.³²

The difference can even be seen in the way religious leaders approach the refugee crisis. While the Pope urged Christian parishes to house a refugee each, Hungarian catholic bishop Laszlo Kiss-Rigo, disagrees: "They're not refugees," he recently said. "This is an invasion. They come here with cries of 'Allahu Akbar'. They want to take over."³³ Prague Catholic Cardinal Dominik Duka, spoke in similarly hostile language in a radio interview in September 2015 when he said "the right to life and security of Czech families and citizens are superior to all other rights" and warned against allowing enemies to cross national borders.³⁴

When Hungary decided to put up a fence it came under severe criticism but many countries followed suit. Slovenia, Croatia, Macedonia did the same. In November 2015 Austria put up barbed wire at a border crossing with Slovenia used by hundreds of refugees and migrants.³⁵ By early 2016 Germany had revisited its open door policy to put in place restrictions. In the aftermath of the New Year's Eve incident in Cologne Alternative for Germany which had sparked outrage by suggesting that police may have to shoot at migrants to stop them entering the country registered significant success in three key state elections in March 2016. Chancellor Merkel's CDU suffered losses. Alice Weidel AfD's candidate for the Bodenseekreis district, made a reference to a spate of attacks on New Year's Eve in Cologne, where a crowd of mostly North African men sexually assaulted or robbed hundreds of women. "Oriental sexual tradition" was incompatible with European values and was what led to the attacks, she said in the room, where posters of the upstart party read: "Stop the asylum chaos!". ³⁶Merkel changed course. In 2015 she had called for suspension of Dublin regulation under which the first EU state an asylum seeker enters was responsible for their asylum claim (and therefore allows other countries to send refugees back to the EU's borders) and advocated an open door policy under which the government officially approved 140,910 asylum applications but let in over a million refugees. Refugees receive many benefits once approved by the German government,

including temporary housing, daily stipends, work permits, and language training. By 2016 German Interior Minister Thomas de Maiziere said “I would like the Dublin convention to be applied again...”³⁷ In 2016 Germany started turning away hundreds of migrants on the border with Austria as the government tried to restrict the number of asylum seekers. The government also agreed to deport asylum seekers who had broken the law in the wake of the New Year’s Eve sex attacks in Cologne. Some 200 migrants a day are being refused entry into Germany, up from 60 in December, according to the Austrian authorities.³⁸

There were also reports of refugee mobilization and protest in camps of Greece. 2,000 refugees and aid workers demonstrated in Athens against the recent agreement between the European Union and Turkey. Karl Kopp, the European spokesperson of the refugee organization Pro Asyl, accused Europe of an inhumane “logic of deterrence,” in an interview with the German newspaper *Tagesspiegel*. “The people who have sealed the Balkan route want the ugly images from Idomeni in order to deter refugees. To this end, they are willing to accept catastrophes,” he said. People will come anyway because of the war and misery in their own countries. “In practice, Europe only decides whether these people arrive dead or alive,” Kopp added.³⁹

Conclusion

By way of conclusion one can say that –one, the refugee crisis challenges the EU project fundamentally. EU has for long projected its soft power reflected in setting and following norms – democracy, human rights, minority rights – the way it has responded to the refugee crisis has thrown open not only issue based differences amongst member states but fundamental question of its identity. Two, a watertight distinction between migrant, refugee, asylum seeker is near impossible. Three, in the context of refugees, numbers matter. Large numbers trigger apprehension for integration is not only about the economic costs but social costs too. Four, in the post Cold War period the rationale of pursuing a generous and open asylum policy had disappeared.

Notes

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5) EUROPEAN SECURITY AND DEFENSE POLICY: ADAPTING TO TODAY'S CHALLENGES AND OPPORTUNITIES

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1. INTRODUCTION

The European Union (EU) is a work in progress, therefore it adapts to the international environment and its challenges. Although the future and even existence of the EU is under question it is indisputable that it remains a power with global influence. The world has changed drastically in the past decades and Europe is now facing a long list of security challenges and threats affecting European citizens' life. The worsening international security situation means for the EU traditional and newly emerged threats such as terrorism, illegal immigration and refugee waves, hybrid warfare, energy security, climate change, and economic volatility. However, the EU's security order is being questioned for first time since the collapse of the Soviet Union in the 1990's due to the Russian action in Crimea and Eastern Ukraine which destabilized the country. The Common Security and Defense Policy (CSDP) has undertaken the burden of protecting the EU's interests which among other are described as "safeguard the EU's values, fundamental interests, security, independence and integrity" and "preserve peace, prevent conflicts and strengthen international security, in accordance with the purposes and principles of the United Nations Charter, with the principles of the Helsinki Final Act and with the aims of the Charter of Paris, including those relating to external borders" (Treaty of the EU, 2008). Last decade a lot has been done towards strengthening the defense and security abilities of the EU showing a commitment of the European leaders in fulfilling this task. It is the essential EU tool to cope first and foremost with the new, non-conventional security threats and it enables the EU to conduct military and civilian mission and operations for the maintenance of peace, conflict prevention and the strengthening of international security. Furthermore the EU

is progressively emerging as a security stakeholder, in Europe and beyond. This paper looks into the EU's strategic approach to the defense and security challenges it faces, its ability to adapt to today's challenges and to grasp new opportunities especially in its Southeastern part.

2. COMMON SECURITY & DEFENSE POLICY (CSDP):

A SHORT GUIDE

"Our wider region has become more unstable and more insecure. The crises within and beyond our borders are affecting directly our citizens' lives. In challenging times, a strong Union is one that thinks strategically, shares a vision and acts together"

*Federica Mogherini
High Representative of the Union
for Foreign Affairs and Security Policy*

2.1 SOME HISTORY...

The idea of a common security and defense policy is not new. In 1948, just after the end of the World War II the United Kingdom, France, Belgium, the Netherlands, and Luxemburg established the Brussels Treaty Organization (BTO) promoting joint security (Cini, 238-239). European citizens' fresh memory of the detrimental war forced their leaders to develop cooperation in an effort to secure the European continent from a new armed conflict and to promote peace and stability. Six years later Germany and Italy joined the BTO which renamed the Western European Union (WEU) (www.weu.int). However, the ambitious effort of the WEU did not have much success and actually remained almost inactive until 1984. The European security against the Soviet Union was responsibility of the U.S.A and N.A.T.O. which both had deployed significant military forces in high readiness against the communist fear.

In 1970 took place the first attempt of the European Economic Community (EEC) members to extend their action in the fields of foreign affairs by establishing the European Political Cooperation (EPC). It started as an informal consultation body regarding foreign affairs and transformed into an official institution in 1987 by the Single European Act (SEA) (www.eur-lex.europa.eu). For first time through the EPC the European member states had to consult each other for external affairs and to take into consideration the views of the European

Parliament in an effort to form common political positions. EPC was undoubtedly the ancestor of the Common Foreign and Security Policy which took shape a few years later.

In 1992 it was signed in Maastricht by the heads of EEC member states the Treaty of the European Union, which strengthened the political form of the organization and accelerated the vision of the European integration. The Treaty paid special attention in foreign and security affairs and chapter V (Title V) of the Treaty is dedicated in this field: "The Union and its Member States shall define and implement a common foreign and security policy, governed by the provisions of this Title and covering all areas of foreign and security policy." (Council of the European Communities & Commission of the European Communities, 123). Furthermore the Treaty of Maastricht underlined the need for a common defense policy "which might in time lead to a common defense" (ibid, 126). Maastricht Treaty was the bedrock of the CFSP and CSDP but a lot had to be done until the EU becomes a significant and effective security international actor.

Alongside with the Treaty of the EU in the ministerial summit of WEU which took place in Bonn the same year the organization improved its role in the European security architecture by defining its operational role in the EU framework. More specifically, the WEU ministers through the declaration of Petersburg decided the missions the WEU forces could undertake; humanitarian and rescue missions, peace missions and crisis management missions including peacemaking.

Since then, the Treaty of the EU has been modified twice by the Treaties of Amsterdam (1996) and Nice (2001) in an effort to strengthen the CFSP and CSDP procedures. In Amsterdam European Council the leaders faced the lessons learned by the EU inability to response effectively in civil war in Yugoslavia. The new Treaty tried to facilitate the procedures by giving the right to reluctant states to opt out of a joint action without blocking the action through veto (Cini, 243). Moreover, it was established the High Representative for the CFSP and the Policy Planning and Early Warning Unit as a flexible and useful tool in the hands of the High Representative.

Between Amsterdam and Nice a few important decisions were taken by the EU member states. First of all in 1998 heads of United Kingdom and France (the two nuclear powers of the EU and most powerful conventional military forces) met in Saint Malo and declared their commitment in the enhance of the military capabilities of the EU in order to conduct autonomous operations (Foreign and Commonwealth Office, 1). It was a milestone for European security which for more than 50 years was based on U.S.A and North Atlantic Alliance. In Saint Malo summit the United Kingdom changed its stance allowing the development of the EU's military capacities towards a more autonomous action (Gegout, 16). Of course, the Europeans did not miss to include in their treaties that the collective security of member states which join also NATO remains a responsibility of the Alliance and the EU works in cooperation with NATO.

In December 1999 the EU heads set the "Helsinki Headline Goal" which gave shape to the Common Security and Defense Policy by asking from member states to be able until 2003 to deploy within 60 days and sustain for at least one year military forces of up to 50,000 – 60,000 people capable of full range of Petersberg tasks (Emerson et al, 3). A year later in Feira European Council the EU developed the non – military capabilities by deciding the establishment of the member states capacity to deploy 5,000 police officers, up to 200 judges and other legal experts, officials as experts in the public administration and finally 2,000 experts for civil protection. Actually the European Security and Defense Policy had three main elements: Military crisis management, civilian crisis management and conflict prevention (Cini, 245).

The EU moves towards a CSDP in slow but decisive steps. In 2001 the Treaty of Nice modified for a second time the Maastricht Treaty establishing the conditions of the development of the Rapid Reaction European Force. Moreover, the EU member states discussed the use of NATO capabilities in favor of the EU military missions. European leaders expressed once again their respect to the EU member states which wish to fulfill their defense and security needs through the North Atlantic Alliance. The cooperation between the EU and

NATO was regulated in 2002 through the “Berlin Plus” agreement which allows the EU to use NATO assets in a range of Petersburg missions.

Since then, the EU tried to form the necessary military and non – military forces in order to support its goals. The main military formation is the so-called “battlegroup” which is the smallest self – sufficient military formation able to conduct autonomous operational missions. A battlegroup is consisted of 1,500 to 2,200 people and is ready to deploy within 5 to 30 days. There are four national battlegroups (Spain, France, Italy, United Kingdom), five multinational battlegroups and four multinational based on already existed forces (French – German Brigade, German – Holland Corps, Spanish – Italian Amphibious Force, British – Holland Amphibious Force) (Parisis, 161-166). Alongside, the EU has formed naval and air force groups to support all spectrum of military operations. Until now the EU has undertaken 23 military and non-military missions (6 military, 14 non-military and 3 civilian/military missions) (ibid, 177-191).

2.2 TODAY’S CHALLENGE

The EU has made stable and decisive steps towards a more coherent, effective, and credible defense and security policy. The European continent enjoyed peace, stability and prosperity for almost 70 years with an exception during the Yugoslav wars. Last decade the world became more insecure and unstable and new threats have emerged. On the other hand the EU realizes that an “economic superpower” should also develop its external action and to promote power and credibility and a coherent common security and defense policy is essential for its interests (Wessels and Bopp, 1). More than that the EU considers its borders security due to the Russian aggression against Ukraine. Since the collapse of the Soviet Union and the abolishment of the Soviet threat the European countries did not face territorial considerations. Nowadays the Baltic democracies and Poland “feel in the atmosphere” such a threat. In other words the EU is obliged to reconsider its security and defense policy in a more effective way. Apart from that one should take into consideration the U.S.A wish to be disengaged from the heavy burden of the European security.

Under these circumstances the High Representative for Foreign Affairs and Security Policy, Federica Mogherini presented in 2016 the Global Strategy for the European Union's Foreign and Security Policy in which it is obvious that the EU works towards a more autonomous action in the fields of defense and security. The institutional text of the strategy itself is a strong message for the EU leaders' commitment to fulfill the integration of this sensitive and difficult field. The Union pays special attention to the development of the military capacities in order to address its threats. Apart from that the EU strategy perceives internal and external security as fully interacted fields and relevant policies should be developed in parallel and equally. In 2016 the EU announced the establishment of a "European Defense Fund" in order to "to support Member States' more efficient spending in joint defense capabilities, strengthen European citizens' security and foster a competitive and innovative industrial base." (www.europa.eu)

3. EMERGING SECURITY CHALLENGES

It has become obvious that the EU faces a number of security crises in its broad neighborhood that in turn lead to domestic issues that each member state must face by adapting its policies. The strategic demands for a more active and effective EU defense policy has been growing in recent years, mainly due to the increasing number of complex security crises in Europe's vicinity. As the world shifts into more aggressive international policies the EU faces challenges that although not always new pose threats to every member state. It is even more so in Southeastern Europe where there are lingering issues from past conflicts but also recent tensions between countries that could potentially lead to very dangerous outcomes.

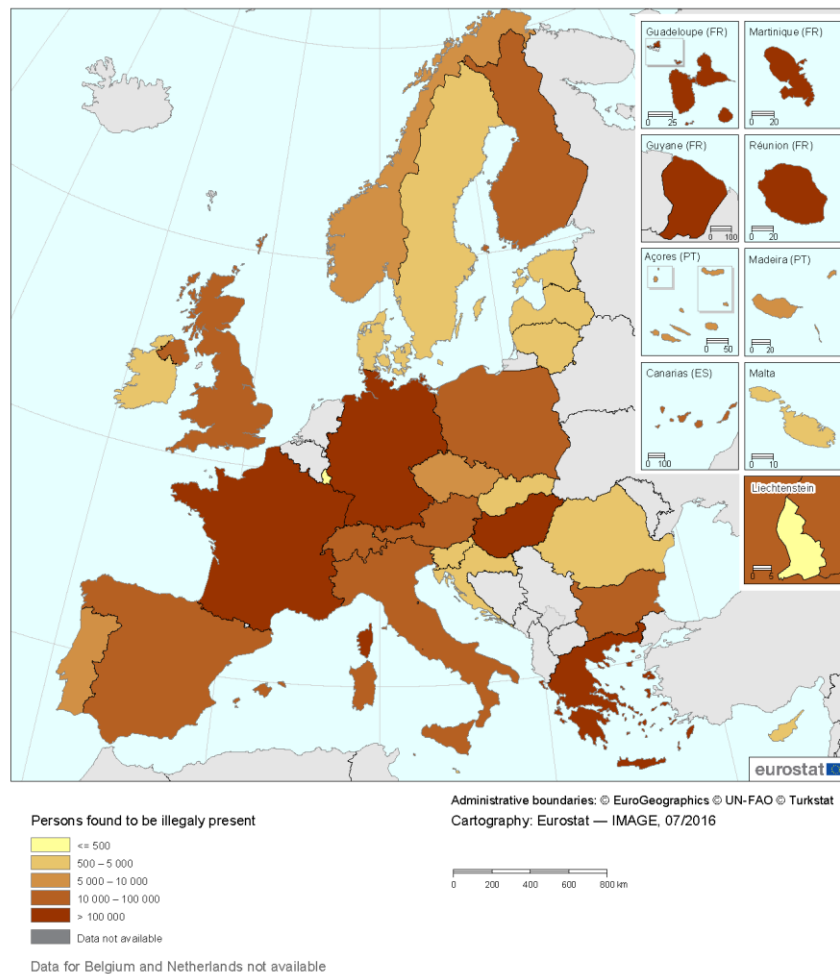
3.1 ILLEGAL MIGRATION

Europe is facing one of its most serious migration crisis since the end of the World War II. The massive refugee and migrant influx fleeing turmoil both in Africa and the Middle East has greatly increased during the past two years, introducing new complex challenges for the EU. There are several reasons why migrants through the Mediterranean Sea have increased dramatically. Firstly, the post-Arab Spring social instability, human rights' violation and

security problems have increased notably the migrant flows from North Africa. Secondly, the fall of some of the Dictatorship such as Libya, which was a backstop for Sub-Saharan African migrants, has disappeared, fostering the flow of migrants from these countries. Secondly, the ISIS advance in Syria and Iraq and the recent proxy war in Yemen have triggered a massive flow of migrants to neighbouring countries, such as Turkey, and from then to Europe. And thirdly, the conflict in the Caucasus is complicating further the security situation (Ortiz, Rodrigo and Turkey, 2017).

Since the Arab Spring in 2010 illegal migration has become one of the major concerns for the EU and has raised many questions essentially because the EU has focused in the past decades mainly on the integration process in order to gain more unity which left her unprepared for such issues. Once the crisis broke full fledged and many of its south and southeastern members found themselves overwhelmed by the unprecedented waves of refugees and illegal migrants. The incapacity to efficiently deal with what became a security crisis in Europe raised the question whether the process of European unity has diminished the ability of states within the EU to control their own borders with regard to immigration and if such was the case what could be done in a very short time to enhance the security of the joint European frontier.

Following a period of decrease (from 2008 to 2013), in 2014 the number of non-EU citizens found to be illegally present in the EU-28 increased to close to 670 000, and one year after this value tripled to around 2 136 000 in 2015. The most affected Member States in 2015 with over 50 000 illegally present persons apprehended were Greece (911 470), Hungary (424 055), Germany (376 435), France (109 720) and Austria (86 220) (www.europa.eu).



i. Non-EU citizens found to be illegally present in the EU-28 and EFTA

-Source: Eurostat

The main problem for the European security is undocumented illegal migration mostly because estimating the number of undocumented migrants in any country is a formidable task, which oftentimes comes with political overtones that prevent a united European policy. As it appeared with the tension that developed between Greece and Skopje as the latter closed its borders trapping migrants in Eidomeni. In this instance many of the EU members supported Former Yugoslav Republic of Macedonia's (F.Y.R.O.M) decision as it served their own agenda despite the fact that it undermined the Union's common policies. The issue has raised questions about security, sovereignty and integration that could have a lasting social, economic and political impact on the EU.

Since this outfall migration stands on top of the European policy agenda. Therefore, the EU's defence and security community is showing an increased interest in the migration dimension of the conflicts and unrest throughout the Middle East and North African region, in order to find a possible way to fill the gap in the bloc's policy architecture given that CSDP officials come relatively new to the field of EU policy on migration, borders and asylum.

In the past decade illegal migration has become increasingly complicated for the EU, and although Northern EU members managed to protect themselves most of the migratory burden lies on the shoulder of the Southeastern countries. As Khalid Koser argues, «the perception of migration as a threat to national security has certainly heightened in recent years, in part in response to the rapid rise in the number of international migrants (...) and especially of 'irregular' or 'illegal' migrants» (Ortiz, Rodrigo and Turkey, 2017).

The Southeastern Europe is depicted as a highly insecure region owing to a combination of factors including its function as the gateway to the EU and the many problems that have arisen out of the democratization process in Southeastern Europe. The main problem in these waves of migration is that most of the migrants are coming from countries that have ties with terrorist organizations and therefore it has become a major security issue for the EU. The fact that the EU and its Schengen passport-free travel area have considerably expanded their membership over the past decades, bringing in new member states to the south and east have led the EU to deal with new priorities and challenges. Europe is facing a very prolonged migration crisis through the Mediterranean, which started in 2011 in Lampedusa. In an environment that is already very unstable due to already existing internal differences migratory flows mirror the complexity of the political and socio-economic conditions in the area.

3.2 TERRORISM

Terrorism is considered as a main security threat for the EU (European External Action Service/Strategic Planning Division, 21-22). In 2016 European capitals became target of terrorists mainly radical Islamists supporters of ISIS. The list of the attacks is endless; In January 1st, 2016 in France's Valence (no victims), January 7, 2016 in Paris (one policeman injured), February 26,

2016, in Hanover Germany (one policeman injured), March 22, 2016, in Brussels airport (32 people dead), April 16, 2016, in Essen Germany (3 civilians injured), June 13, 2016 in France (a police commander and his wife dead), June 26, 2016, in Istanbul airport (36 people dead), July 14, 2016, in Nice (84 people dead), July 19, 2016 in Wurzburg (20 people injured), July 22, 2016 in Munich (9 people dead), July 24, 2016 in Reutlingen, Germany (one dead and two injured). In 2017 bloodshed is even bigger. It is a new form of terrorism known as “lonely wolves”. Most of the attackers are European citizens of second or third generation of Muslim immigrants. In other words they have received European education and have been raised by the European principles and values. Furthermore, it is almost impossible for the security agencies to predict an attack or to stop such kind of terrorists.

The terrorist attacks target the values of European states, the European way of life but it is almost strange that most of the terrorists enjoy such life in Europe. Another fact is that European citizens are scared; ordinary life is not the same in London, Manchester, Paris, Brussels, and Munich any more. People afraid of using the subway, tourists avoid crowded places and governments look for effective deterrence and repression of the terrorist actions. What the EU offers in this battle against terrorism is common action. In such insecure environment it is better to act commonly than alone. The EU develops integrated counter-terrorism strategy based on common action. It is in its vital interests the protection of European civilians and the EU develops not only police or military action but also educational and cultural projects towards counter – radicalization of extremists (European External Action Service/Strategic Planning Division, 21-22).

In 2003 the EU presented the European Security Strategy which was declaring terrorism as a main security threat for the Union calling for specific measures to be taken. Among other it was suggesting the closer cooperation between national security services encouraging exchange of intelligence regarding terrorism. However, Great Britain rejected the proposal creating a huge gap in a very sensitive field in the war against terrorism (Cini, 248-249). Nowadays, with the United Kingdom ready to leave the EU it seems that there is the necessary commitment of

the European leaders to strengthen the cooperation of member states even in the sensitive field of intelligence as the EU global strategy encourages once again.

In Western Balkans there is fertile soil on Islamic radicalization. The region has historically the largest Muslim population in the European continent; a legacy of the Ottoman era. According to state's reports around 500 Albanians, 300 Kosovo Albanians, 12 Islamists from F.Y.R.O.M , 22 from Bosnia & Herzegovina and 1 from Serbia have joined ISIS and Jabhat Al Nusra in Syria and Iraq (Shtuni, 2). Poverty, high rates of unemployment, poor social care, corrupted administrative service, poor educational system are the main reasons for locals radicalization. The EU has a vital role in the region through the enlargement process. Western Balkan states live with the hope of entering the EU since their emergence after the end of the Yugoslav conflicts. Almost twenty years later only Croatia and Slovenia enter the European gates while Albania, Bosnia & Herzegovina, F.Y.R.O.M, Montenegro, and Serbia still waiting for the accession. In the meanwhile all these countries have the lowest economic growth in Europe facing poverty, unemployment, corruption, lack of transparency and accountability. Although the EU has funded generously the state building and state capacity in these states still has to present a sustainable plan towards the successful accession of Western Balkans in the Union. It could be the ultimate solution for a region which sinks more and more in political, economic, and social stalemates. However, it should be underlined that the region is not a source of terrorists since none of the attacks occurred by a terrorist come from Southeastern Europe.

3.3 ORGANIZED CRIME

Organized crime set a major threat for European citizens' security and the rule of law in the EU member states. According to European Police (EUROPOL) more than 5,000 Organized Crime Gangs (OCG) are under investigation in the EU showing the potential of their illegal activity (www.europol.europa.eu). The United Nations defined organized criminal group as "a structured group of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offences, in order to obtain, directly

or indirectly, a financial or other material benefit.” (United Nations/Office on Drugs and Crime, 5). Organized crime has a lot of faces and it is characterized by flexibility and adaptation in new technologies, security forces methods and market needs. For instance, a high profitable illegal activity of criminal groups is the “migrant smuggling” where gangs transfer migrants and refugees taking in advantage of human misery and despair. Most widespread activities of organized crime gangs are fraud, money laundering, currency counterfeiting, drug, human and firearms trafficking, and cybercrimes.

The question is what makes organized crime so durable and widespread. First of all, organized crime works under the rules of free market. There is demand and somebody should fill in the gap by supplying the needs. But the free market rules establish social tolerance against criminals since they are useful for a lot of people ordinary needs. For instance, drug users almost beg the dealers for their daily dose or refugees pay a lot of money to criminals having the dream of reaching a European city. Secondly, organized crime needs corruption badly. By cutting corruption organized crime suffocates. Organized crime gangs need desperately support by administrative and security services in order to facilitate their activities. For example, migrant smugglers need access to local police in order to secure specific paths for their trip. Finally, high rates of unemployment, social insecurity, poor education, racial or social exclusion, and ineffective state structures strengthen the number of candidates for illicit activities.

An impressive data shows that 60% of the criminals in the EU countries are national citizens of the state shaking down the myth that the majority of organized crime people are immigrants or refugees. Freedom of movement also facilitates mobility of criminals and expansion of gangs’ activities in international level. For instance, in 2012 Germany implemented the project “Strengthening cross-border operational cooperation in the fight against mobile organized crime groups (MOCGs) from the Baltic Sea Region, including Russian-speaking MOCGs” with impressive results since more 100 OCGs discovered and 575 people arrested (www.europol.europa.eu). Finally, there is a big question of the links between organized crime and terrorism. Organized crime has access to firearms, explosives and other

attractive material for terrorists while gangs may provide counterfeit documents to potential terrorists facilitating their mobility.

Organized crime is a potential threat for every society which wishes the rule of law. It penetrates in various aspects of political, economic, and social life of citizens affecting security and prosperity of people. The EU pays significant attention in protecting its citizen and promoting the principles of good governance, effective security mechanisms, rule of law, public transparency and accountability is a reliable stakeholder against organized crime. It is widely accepted that states with enhanced public capacities and functional institutions have less spare room for illicit activities. In Southeastern Europe where there are a lot of state functional problems corruption and organized crime is a whip for the countries growth and establishment of rule of law. As mentioned before, the EU with its enlargement process may offer the necessary tools in Western Balkan countries to reform their public administration system and security services in a more functional, transparent, and accountable way achieving to restrict gradually the organized crime activities.

3.4 THE RISE OF NATIONALISM AND IRREDENTISM

Nationalism and irredentism is not a direct threat against the EU and its member states and that is why is not referred as a threat in any institutional text. Moreover the EU states do not face such problems internally with the other members. The question of nationalism and irredentism is a wider issue of destabilizing the European continent. One should take into consideration that the latest war in European soil broke in the Southeastern corner of the continent and affected all the states. Under this prism, nationalism and irredentism set a threat against peace, stability and prosperity of the European citizens.

The Balkan countries pay special attention in history and the past in general. Old hates, disputes stemming from old historical events, memories of old territories occupied by neighboring countries, and a large number of minorities are the engines of nationalistic rhetoric in the region. Although there are five member states in the region (Greece, Bulgaria, Romania, Slovenia, Croatia) people are easily manipulated and attracted by nationalistic words. The

combination of poverty, unemployment, poor social care, uncontrolled access in firearms, and poor education encourage people to turn in radicalization, either religious, or national. A possible dispute or armed conflict in the European continent set an alarming situation which endangers peace and stability of Europe. Besides, Southeastern Europe is in sphere of influence of the EU and the enlargement process gives access in these states.

Only economic growth, establishment of functional state with democratic rules could move away the ghost of nationalism and irredentism from the region. The EU has already spent huge funds in developing the Western Balkans speaking about infrastructure, regional cooperation, reconciliation and economic growth. Balkan states should accelerate economic, political, and social reforms in order to achieve the EU standards and become modern, functional states. One should underline that the EU officials played a critical role (together with the U.S officials) in overcoming the recent political stalemates in Albania and F.Y.R.O.M which could destabilize the countries. The problem is not only between neighboring countries but there are interethnic disputes within the states. For instance in F.Y.R.O.M there is controversy and dispute between the dominant entity of Slavomacedonians and the ethnic Albanians¹

Finally, in the framework of nationalism one could set the rise of far right parties in Europe. Expressing euroskepticism, xenophobia and a rhetoric of hate they set a threat for the European bedrocks. The EU based on high quality values and principles such as democracy, tolerance, growth, peace, cooperation, and mutual respect and achieved to become a global power without high military competencies. This is why it is known as a “super soft power” since it is a global actor with international influence and without the military capacities of U.S.A. Rising of far right parties in Europe is a matter of people’s and especially young people’s disappointment for their future.

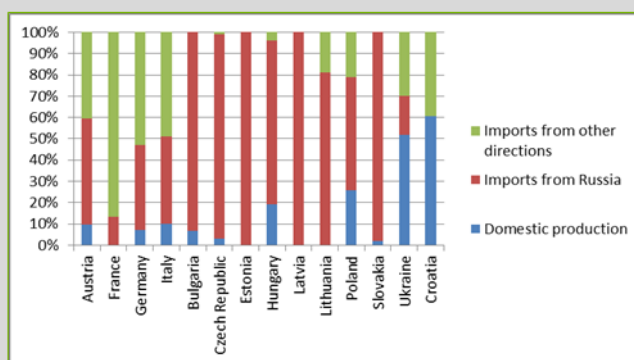
¹In 2001 an armed conflict broke between the two sides which ended with the mediation of the EU and U.S.A.

3.5 ENERGY SECURITY

The EU imports more than half of all the energy it consumes. Its import dependency is particularly high for crude oil (more than 90%) and natural gas (66%). Many countries are also heavily reliant on a single supplier, including some that rely entirely on Russia for their natural gas. This dependence leaves them vulnerable to supply disruptions, whether caused by political or commercial disputes, or infrastructure failure. In response to these concerns, the European Commission released its Energy Security Strategy in May 2014.

Energy was what the EU's founding fathers used to initiate the reconciliation of the old continent more than 60 years ago after the Second World War left Europe in ashes. Since the beginning of the European dream the transformation of energy security politics in Europe has evolved tremendously in the past decade. Today as ever before, energy remains one of the most pressing challenges for both the EU and its candidate countries in Southeastern Europe due to history, but also geopolitical factors. As recent crises in Europe's Southeastern neighborhoods have consistently confirmed, energy security has become one of the most important geopolitical parameters of influence for third actors in southeast Europe. Recently, the most pressing issues are the disruption in gas supplies witnessed in recent years, «the ongoing Russia-Ukraine conflict and Gazprom's announcement to halt transit to Europe through Ukraine after 2019, result in persistent uncertainty over the stability of Russian gas supplies to Europe» (CEEP).

Figure 3. Structure of gas supplies to CEE and other EU gas markets in 2015



Source: ENI World Oil and Gas Outlook 2016

Source :CEEP

<http://www.ceep.be/3176-2/>

Catalytic international developments over the past few years have intensified the energy challenges Southeastern European countries are facing and with volatile global oil prices they have renewed Europe's concerns about its energy dependency. Energy security, therefore, plays an ever more important role in the national security strategies of each of the countries of Southeast Europe, and of the entire European region (Cross, 114-115).

In the past decade energy security developments show that Europe managed to overcome much of the East-West divide, but the North-South gap remains and is considered as one of the hidden thorns of Europe's energy policy (Staniaszek et al). Southeastern Europe represents a diverse energy region, with some common traces and many challenges ahead. In today's environment bilateral energy cooperation can only be successful if it is based on the needs and interests of the entire surrounding region, including the Balkans and the whole of Southeast Europe. They are two faces to energy security in Southeastern Europe: First the region's economic path is increasingly internationally connected and second, strategies for meeting the economic and security challenges of the energy sector call for more effective national policy development in the immediate future.

The exploitation of energy resources such as natural gas could provide a much needed stability in the economic and financial crisis that has hit Southeastern Europe. But, while energy could play a key role in helping normalizing relationships between neighboring states and prevent the escalation of conflicts through energy related investments the absence of political stability in the region makes it difficult to attract such investments. The main reason is that multinational energy corporations are often hesitant to invest in regions with high political and geopolitical instability because it could jeopardize their multi-billion dollars projects. The lack of regional stability also prevents states from acquiring the maximum possible financial benefits from their national resources although it could take the country out of the crisis (Adamides & Christou, 189-190).

Energy trade unlike any other form of commercial trade has the ability to influence political and military bilateral and regional relations. Putting states, markets and institutions

into contexts and focusing on the interactions between supranational dynamics and regional and domestic dynamics is crucial for states in Southeastern Europe in order to have the ability to use efficiently EU's policies concerning energy security. Therefore, the effectiveness of the EU's approach is widely shaped by the context in which EU policies and institutional structures are embedded. Strengthening domestic capacity among Southeastern European states will lead to a more efficient and successful in regional and global interaction on many levels. Energy security has become, in this sense, one of the most important challenges confronting the countries of Southeastern Europe.

4. THE UKRAINIAN CRISIS AND THE BALTIC COUNTRIES SECURITY

What started as a domestic political crisis in Ukraine has escalated into a major crisis of European, and global security. After years of peace it seemed unthinkable that once more the EU had to face a war in its immediate neighborhood. The Union was expected to stand tall and take measures as all eyes were on the actions European leaders would take. But as in previous conflicts in the Southeastern region the EU has found itself constrained in its reaction to the Ukraine crisis by policies adopted over previous decades (Homeworth).

The Russian annexation of Crimea and the attempt to destabilize eastern Ukraine have made Poland and the Baltic countries very insecure and prompted the EU to take action. «The question of how to ensure the security of the Baltic states also has emerged as a critical security issue in the debate. President Putin's annexation of Crimea and covert and overt attempt to destabilize eastern Ukraine have generated fears in the Baltic states that Russia could take steps designed to weaken their independence and territorial integrity. While an overt Russian attack against the Baltic states is highly unlikely, there are reasons for concern» (Larrabee et al.).

The Ukraine crisis was seen as a possible threat to EU's security and defense architecture and it prompted Europe along with democratic countries around the world to adopt a fundamentally more active approach therefore, European sanctions were imposed. The sanctions were taken as way to show a stronger stance and to prove that the EU could now manage such matters in its neighborhood, but the essence of the Ukraine conflict had yet to

make an impact on public opinion in Europe since it tended to be seen as another conflict between Slavic nations that had little or nothing to do with western Europe.

For some analyst the Ukraine crisis itself is, to some extent, the result of a flawed approach on the part of the EU to the strategic question of its relationships with its Eastern neighbors. The conflict brought to light the fact that even if the EU has accept new member states that have a different dynamic with Russia it has failed to address efficiently the new challenges that come with. The 2004–07 enlargement of the EU to ten New Member States in the East and the South raised in one very important question: what happens next? A question that is still for its bigger part unanswered leaving open speculations about the EU's ability to adapt its previous polices to its new enlarged environment. The EU seems to have failed to understand that it is one thing to welcome into the Union a number of transformed members of the former Warsaw Pact (Vachudova). And it is an entirely different matter to define what sort of relationship might be entertained with their authoritarian neighbors who remained outside the charmed circle of liberal market democracies (Cstohl & Lannon).

The security challenge for the EU is quite big since we have been accustomed to seeing Europe in the positive light of a soft power. «Europe faced almost no external opposition to its enlargement processes, let alone to its association agreements. But now that Europe's soft power has clashed in Ukraine with Russian hard power, a whole new situation has been created that we must adjust to» (Paet).

As in many other cases where the EU was involved in conflicts the critics pointed out its slow mechanism to take action and its lack of a firm response but also its usual habit to turn to the United States to solve the matter. For many this attitude showed once more Europe's military weakness which could lead to an increased likelihood of conflict in its neighborhood and beyond, as weakness invites other actors to test one's capacity to act. Finally, discord in Central Europe adds to EU's dissonance, and does not bode well for an effective European response to these new realities. To shape a strategic response to the Ukraine crisis and the broader Russia challenge, the EU needs to enhance intra-regional dialogue on the rapidly

changing political, economic, and security landscape east of their borders, with a view to forging a stronger regional voice.

5. FUTURE DIRECTIONS: THE EU AS A GLOBAL SECURITY AND DEFENSE ACTOR

Security and defense have become one of the new front lines of the European project. The time has come to build a security and defense Union capable of delivering security to Europe's citizens and the wider continent in a challenging international environment. It should be based on five qualitative leaps: «A security strategy for Europe, an institutional revamp, renewed military ambition, integration of defense capabilities and a new partnership with NATO» (Riekeles).

The ability to act depends on the ability to exert military power, and Europe is losing capacity while others are gaining. Regionally and globally, the importance of military power has increased. Many governments have invested considerably in building up their military capabilities over the last decade, thereby weakening Europe's power comparatively (Major & Molling). In the past couple of years the EU has focused mainly on the economic crisis that shook its foundations and that is still a lingering problem putting every other aspect lower in its agenda.

Security considerations were at the heart of the European project, but the European Union has started to develop fully-fledged security policies only in recent years. As European integration keeps moving forward and the Union welcomes new members its role will evolve furthermore on the international chessboard. As the world becomes increasingly interdependent and the EU is seen more and more as one entity it is expected that its role will expand globally. Oftentimes, the EU has expressed a will to forge a solid common foreign and defense policy. International politics during the past decade have unveiled new threats that demand a new worldwide approach. The European Union must be ready to effectively answer the challenges both inside and outside its borders as many security issues have gone global.

International relations are evolving under the pressure of major trends, such as globalization which leads to growing global interdependence, and the multipolarization of the international system with the rise of new powers. This new global environment has witnessed the resurgence, evolution, or apparition of new and old security challenges.

Europe may be a relatively peaceful continent, but it certainly is surrounded by an ocean of instability. Waves of this instability regularly hit the European shores, in the South and in the Southeast. Europe's near and distant peripheries are still fragile, hence requiring some policing to preserve European interests abroad and to contain chaos outside of the EU's territory.

The world is changing rapidly and Europeans should constantly reassess their security environment. For this reason, the EU's reluctance to re-initiate a reflection on its new strategic posture to confront an evolving internal and external security environment is fairly surprising. After all, most member states carry such exercises regularly.

Security has become so complex that we now talk about resilience as much as protection. Since the complete elimination of threats and vulnerabilities, for instance from cyber or terror attacks, is unattainable, experts now focus on building resilience or quickly identifying, halting, and recovering from assault. Another key element in today's security environment is that defense and deterrence demand more civilian resources, because the threats to the European way of life have become more diverse.

6. CONCLUSIONS

The EU has always been a soft power and since its creation has always seek to resolve any conflict through the diplomatic way. The unfolding events of the past couple of years have been very taxing for the Union and for many it seems that it has undergone massive changes that may lead to unpleasant consequences. As it was plagued by the economic crises the EU left behind some of its most vital policies such as the one concerning its defense and security.

The past two years were a hard wakeup call as it was beset with terrorism and an unprecedented wave of migrants that challenged the structures of the EU creating new issues

among the member-states. It is time for the EU to take incremental steps in CSDP and think anew about the essential decisions that bind Europeans together. European leaders should find a way to finally address the new global challenges in a more firm way so they can deliver a change in the collective capacity to ensure security for the citizens of Europe and the wider continent through the establishment of a Security and Defense union.

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6) Multilingualism in India and EU: Addressing the Medium of Instruction Issues with Content and Language Integrated Learning

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Abstract

The connect between India and EU is beyond trade and investment and that is realized and emphasized in recent times by both. Increasing academic cooperation and mobility enhanced by new programs have paved the way for more cooperation including those in culture and society. The educational connect between the two regions – India and EU – generally meant university cooperation and research collaborations at the Higher Education level. Programs like Erasmus Mundus and Erasmus Plus along with others also proved very helpful in enhancing this cooperation. However, the deepening of cooperation is reflected now by looking at the learnings at the secondary education, though focused more on language acquisition.

Multilingualism is a double edged sword which can both enhance and affect the integration of peoples of different languages. Both India and EU have this phenomenon in common and tread cautiously as they deal with the language of instruction in schools. As the medium of instruction is closely connected with the identities of the people, the matter becomes tricky to deal with. However, European Union has come to endorse the Content and Language Integrated Learning (CLIL) model developed by David Marsh and other scholars that addresses this delicate matter. The present paper tries to understand the similarities and differences in the multilingualism in India and Europe and assess if the CLIL model is relevant to Indian realities, if not in the same formal but with little alternations.

The European Security Strategy (ESS, December 2003), the first EU document, mentioning the strategic partnership between India and the EU urged the EU to “look to develop strategic partnerships” with Japan, China, Canada and India as well as with “all those who share our goals and values, and are prepared to act in their support” (European Council 2003: 14). The ESS mentioned the partners mentioned above as “key international players” with whom partnership would develop in “different ways”.

In 2006, Prime Minister Dr Manmohan Singh in his keynote address at the India-EU Business Summit noted “Indeed, it is the winds of trade that brought our two civilizations in contact with each other in the modern world. But that was long ago, and in a different world. Today, our businesses meet as equals in a globally integrated environment. In addition, India and European Union have common core values-commitment to democracy, the rule of law and respect for fundamental human rights.” Thus, it is apparent that a new connect between India and the EU is going to emerge in the coming years as mentioned by the ESS in “different ways”.

The relations between India and the EU has evolved significantly along with evolving economic and political strategic relationship in the recent years between the two (Baroowa, 2007). The connect now amidst them becomes a matter of paramount significance in the current global arena as both are witnessing a drastic shift as far as the diversified kind of progress that is taking place in them is concerned, making them two global powers that the world cannot neglect. With the EU’s 28 Member States and India’s 29 States and 7 Union territories, both share quite a similar framework as far as the cultural and linguistic diversity, complex socio-economic systems and democracy is concerned. The domestic cultural and linguistic diversity that exists both in the EU and India creates an exciting case for anyone within or outside the two powers to study the diverse fabric that is conspicuously visible in them. The perceptions and attitudes about each other are also changing in recent times as there is movement and exchange of people and knowledge amidst the two, thanks to the connect that is being established through the EU’s academic cooperation with India through the extension of Erasmus Mundus and Erasmus Plus programs and granting to India the EU study centers to name a few (Goddeeris, 2011).

Multilingualism in India and Europe

Taking the case of similarities, the one similarity that is striking between India and the EU is the multilingual landscape that is present in them. Indian Multilingualism emerges from the close contact that takes place among the four language families that are found in India - the Indo Aryan, Dravidian, Tibeto-Burman and the Austro Asiatic. The 29 states in India are formed based on the linguistic boundaries with most states having their own official language. The 8th schedule of the Indian Constitution lists 22 languages as state official languages with Hindi being the official language for three states. There are two official languages for India, Hindi and English. It is due to this humongous diversity that exists in India, multilingualism is seen not a burden or threat but as a way of life and it occurs quite spontaneously and effortlessly for

Indians (Mohanty, 2006). According to 2001 Census, around 255 million people in India speak minimum two languages and around 87.5 million speak three or more languages. A child in India speaks its mother tongue at home, picks up a neighborhood language through friends, and learns the official and the second languages in the school (Annamalai, 2001).

The EU with each Member State having its own official language exhibits an intricate multilingual framework as well. If there are 22 official languages in India, there are 24 official languages in the EU. Both are similar in their multilingual makeup as both have diverse indigenous languages, heritage languages, variety of dialects, and minority languages. The government of India and EU through several affirmative actions and policies aim at promoting and protecting multilingualism. Both India and the EU share the common goal of remaining united in their diversity (Goddeeris, 2011).

However, even though the multilingualism in India and EU can be compared due to their similarities, the differences amidst them cannot be ignored. For India, multilingualism is a way of life. It is a part of its composite culture, its identity. For the EU, monolingualism is natural and normal, which is precisely why the goal of European Commission is to promote the learning of two more languages in addition to one's own native tongue. Code switching and mixing is common and natural in India due to the coexistence of multiple languages with complementary roles in a single domain (Jhingran, 2009). Not so much the case of Europe where purity of the language is emphasized (House, 2003). In India, there is no emphasis on maintaining the purity of languages due to which nativization of foreign language has occurred and has now become a language category in itself (Annamalai, 2004). In Europe, one can find resistance in some contexts to the naturalization of foreign words as accommodating foreign words is considered to pose a threat to the purity and the loss of substance of the native languages (House, 2003).

Medium of Instruction Issue

A notable development can be seen in India for the past three decades, the upsurge in the prominence of English as a language of progress and development. English is seen as a language of science and higher education guaranteeing upswing in the social status and visibility in the international job market which is putting the survival and maintenance of native/regional languages at stake (Annamalai, 2004). There is no negation of the importance of English and English in India is there to stay. But the matter of contention is the disparity that has been created between the English and Regional languages as mediums of instruction in the school education.

To maintain multilingualism in the country's education system, in 1968 the Three Language Formula was adopted by the Government of India after discussing it in the Chief Ministers' Conference represented by the Chief Ministers of all the States of India. This formula recommends the use of Regional language, Hindi and English in the non-Hindi speaking states and Hindi, English and Modern Indian Languages preferably South Indian languages in Hindi

speaking states at the upper primary level at grade 6 onwards. However, in the longer run, this language formula saw a lot of incongruities and inconsistencies in its implementation across the school boards. The same got reiterated in National Policy on Education 1986 and 1992 and stands as a lone language formula till date giving directives to the use of different regional languages to be studied as subjects in the school education in India .

Hence, the education system in India needs an add-on, supplementary language model to the Three Language Formula to maintain its rich linguistic diversity. It is to address this need, the European education model designed in the mid-1990s that has become successful as an innovative educational practice, implemented successfully in European education system the Content and Language Integrated Learning (CLIL) comes as a promising innovative model for India. The Content and Language Integrated Learning is a dual focused approach where content is taught and learnt using an additional or non-native language in schools. The subject learning gets integrated with the language learning and this is why it is an alternative/innovative education practice. Promoted by the European Commission, this model aims to nurture and maintain the multilingual framework of the EU by making its children become competent in the use of two languages other than their mother tongue.

Bilingual Models in India

Indian education system has been largely functioning with bilingual models as far as the medium of instruction is concerned. There is transitional bilingual model where students start studying in the native language, acquire the literacy skills in it for the first three years and then get shifted to L2 which is English in India, developmental model or late exit model where students study up to grade 6 or 8 in their native language and then shift to L2. But widely available model is the Immersion Model or Foreign Language as Medium of Education (FLAME) where students are immersed into English medium from the kindergarten classes and continue in the same till they finish their grade 10 and 12 followed by university education.

There is also an urban-rural divide and private-public schools divide. English being an aspirational language taken as a ladder to reach newer heights in studies or work place, native languages are losing out to its power. The urban middle classes are tended more towards private English medium schools and the poor, rural populace is stuck to native language learning in public schools. Unfortunately, the gap between the two is deepened by gaps in quality which is related to price that one is willing to pay.

Content and Language Integrated Learning (CLIL) as an alternative

Alongside sharing of best practice in many fields, the language acquisition and teaching methods is also gaining momentum lately. The success of Content and Language Integrated Learning (CLIL) has attracted the attention of teacher training colleges and universities in India. CLIL can act as a viable solution for some of the language tussles present in India by acting as a balanced approach that can nullify the disparity that exists between different systems. The

European CLIL if explored in India due to its innovative interdisciplinary approach can help in restoring the prominence of regional or native language medium and aid the use of many languages in classrooms.

CLIL in India -- the Project

In this regard, a very significant step has already occurred. A Project co funded by the Erasmus Plus Program of the European Union has been sanctioned and funded to Manipal University on Capacity Building in Higher Education - Developing Content and Language Integrated Learning, Resource and Training Centre for a Multilingual India (CLIL at India) in August 2016. Manipal University, Manipal being the lead partner has along with it three Indian Universities as partners - Chitkara University, Punjab, Symbiosis University, Pune and Pondicherry University, Pondicherry and three European Universities - University of Milano, Italy, University of Castilla La Mancha, Spain and University of Latvia, Latvia. The project aims at exploring and implementing the European CLIL here at Indian schools by adapting it to the social, cultural and linguistic profile of India. CLIL would be emulated as the best supplementary education model in India, as a possible solution to reduce the disparity between Regional Medium and English Medium and settle the medium of instruction issues. CLIL looks promising as a harbinger of fresh methodologies in terms of innovative education practices, theories and research in India. However, the model has to be slightly altered to suit Indian realities that are more complex.

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7) China's Belt and Road Initiative and the Response of the EU

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The idea of the 'One Belt, One Road' or the 'Belt and Road' (henceforth B&R) Initiative was sown in a keynote speech titled "Promote Friendship between Our Peoples and Work Together to Create a Bright Future" delivered at Nazarbaev University, Republic of Kazakhstan, by the Chinese President Xi Jinping in September 2013, where he declared: "...to forge closer economic ties, deepen cooperation and expand space for development in the Eurasian region, we should take an innovative approach and join hands in building an 'economic belt along the Silk Road'. We may start with work in individual areas and link them up over time to cover the whole region". The Chinese leaders claim that "the Silk Road Spirit – peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit – has been passed from generation to generation, promoted the progress of human civilization, and contributed greatly to the prosperity and development of the countries along the Silk Road". Xi Jinping has made the programme a centerpiece of both his foreign policy and domestic economic strategy.

The Chinese never forget to highlight that B & R initiative is in line with the purposes and principles of the UN Charter as it upholds *Panchsheel* - the five principles of peaceful coexistence - respect for each other's sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence - and is open to all countries, and international and regional organizations. Anticipating misperceptions and misrepresentations, Beijing leadership quite often

reiterate that B & R is a vision for 'harmony, peace and prosperity, and not a geopolitical conspiracy to change the existing international order.'

Subsequently, in March 2015, China's top economic planning agency, the National Development and Reform Commission, Ministry of Foreign Affairs and Ministry of Commerce jointly released an action plan titled the "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road" outlining key details of Beijing's B&R initiative. The Action Plan explains the initiative as a flexible, open and inclusive cooperation framework. It also lists five major goals of the B&R Initiative as policy co-ordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds. According to the plan B & R initiative consists of two trajectories: the Silk Road Economic Belt, an Eurasian overland road modelled on its ancient prototype, linking China with Europe and running across Central Asia and Russia; and the 21st century Maritime Silk Road, a maritime route connecting China and Europe via southeast Asia, India and Africa. The Vision document maintained that "the building of the Belt and Road can help promote the economic prosperity of the countries along the Belt and Road and regional economic cooperation, strengthen exchanges and mutual learning between different civilizations, and promote world peace and development. It is a great undertaking that will benefit people around the world". The Action Plan invited the partner countries to embrace a "Brighter Future Together" and welcomed "the active participation of all countries and international and regional organizations in this Initiative".¹

The Ministry of Commerce, Government of PRC, too tried on its part to sell the idea that the B & R initiative is beneficial to the all concerned and pointed out: "Belt and Road cooperation features mutual respect and trust, mutual benefit and win-win cooperation, and mutual learning between civilizations. As long as all countries along the Belt and Road make concerted efforts to pursue our common goal, there will be bright prospects for the Silk Road Economic Belt and the 21st-Century Maritime Silk Road, and the people of countries along the Belt and Road can all benefit from this Initiative."²

The B& R Initiative intends to connect Asia, Europe and Africa along five routes. While the Silk Road Economic Belt focusses on linking China to Europe through Central Asia and Russia; China with the Middle East through Central Asia; and China and Southeast Asia, South Asia and the Indian Ocean, the 21st Century Maritime Silk Road, aims at connecting the China with Europe through the South China Sea and Indian Ocean; and with the South Pacific Ocean through the South China Sea. The “Silk Road Economic Belt” and “Maritime Silk Road” represent a comprehensive network of transportation, consisting of railways, highways, air- and sea-ways, oil and gas pipelines, and transmission lines as well as communications networks in the Eurasian area. It will try to take advantage of international transport routes as well as core cities and key ports to further strengthen collaboration and build six international economic co-operation corridors: New Eurasia Land Bridge, China-Mongolia-Russia, China-Central Asia-West Asia, China-Indochina Peninsula, China-Pakistan, and Bangladesh-China-India-Myanmar.³ The B&R initiative offers a tremendous opportunity to connect resource and commodity rich west and Central Asia to emerging South and South East Asian countries, which represent a huge potential consumer market.⁴

This transport network will link the Asia-Pacific area, the global economic growth engine, to the EU, the world’s largest economy and trade block. By facilitating trade and investment, deepening economic and technical cooperation and by establishing free trade zones, it is believed to formulate a large Eurasian market. The Chinese scholars believe and try to impress on others also that the establishment of the Eurasian Continental Free Trade Area or Eurasian Big Market will have significant impact on the current economic map of the world, promoting the formation of a new political and economic order.⁵

By way of confirming its commitment to shouldering more responsibilities and obligations within its capabilities, and making greater contributions to the peace and development of mankind, the Chinese Government supports the B&R initiative through its Silk Road infrastructure fund of US\$40bn. The first capital installation of the Fund amounts to US\$10 billion. On May 14, 2017, President Xi Jinping, while delivering the keynote speech at the opening ceremony of the “Belt and Road Forum for International Co-operation”, announced that China would contribute an additional 100 billion yuan to the Silk Road Fund. Beijing’s

Export and Import Bank of China alone lent \$80 billion in 2015. The Asian Infrastructure Investment Bank, with registered capital of US\$100bn; and the BRICS New Development Bank with an initial capital of US\$50bn, which is set to increase to US\$100 billion, to step in to support the project.⁶

II

The B&R initiative has a domestic, as it has an international context. It aims to close development gaps within China, provide an outlet for surplus capacity, and also to improve connectivity between China and Europe. As such, it is part of the overall Going Global strategy that China is practicing since the opening up of its economy. While China's opening up policy had resulted in the economic development of East China and Coastal areas, West China and Inland areas due to their geographical location, limited resources and poor development foundation, continue to remain relatively less developed. The B & R strategy is expected to contribute to the establishment of "one body two wings" - the new pattern of comprehensive opening up. Through the B & R initiative China hopes to develop and modernize its landlocked and underdeveloped southern and western provinces and to bridge the regional imbalance. The Chinese trade policy gamble has already shown some positive results and trade between China and B & R partners reached more than \$ one trillion in 2016 which is 26% of China's total trade value; and President Xi Jinping is banking on annual trade between them surpassing \$2.5trillion within the next decade.

At present the Chinese economy is facing problems because of the property market challenges, overcapacity in the industries, debt burden and financial risks. The Chinese leadership is facing difficulties in managing the transition to a "new normal" of slower and more sustainable economic growth. Excess capacity in Chinese factories is quite a serious issue and it is expected that by promoting investments during the course of B&R Project implementation, new opportunities and markets would be created for the Chinese industries and human resources. China seeks new avenues to invest its huge foreign exchange

reserves amounting to about \$4 trillion, so as to earn a reasonable return as well as to secure access to new sources of raw materials. As such, B&R initiative is viewed as a panacea for all the economic ills that China is facing at present.

The B&R initiative is also considered as a means to enhance China's geopolitical and economic clout. It is seen as a blueprint for integrating China's trading partners by developing their infrastructure in a way that complements Beijing's interests more than their own. In Beijing's view the infrastructure-led development worked well for China, and now it wants to implement such an approach internationally.⁷ It is also considered that B&R initiative will ensure China's energy security. It is also viewed as a master-plan to increase Chinese influence at a time when American leadership in Asia is questioned. It is believed that through this initiative China would be able to gain more influence in Central Asia, often viewed as Russia's zone of influence and would succeed in not only restricting but also marginalizing India within the South Asian region.

III

This section concentrates on what China is doing in Europe in the sphere of infrastructure development, since our intention is to study the European response to the Chinese B & R initiative. There are serious efforts to link different Chinese cities with European capitals or business centres. For instance, an international railway line was launched running from Lianyungang in China's Jiangsu province through Alashankou in Xinjiang to Rotterdam in the Netherlands. There is rapid expansion in rail freight traffic with more than 1500 freight trains in operation as of now. Capacity has doubled in the past three years in spite of problems with different rail gauges that stretch travel times/days inordinately. The freight trains pass through ten cities in China and seven countries along the route to reach their European destinations. The Chinese side never hesitates to highlight the fact that the freight trains transport cargo to their destinations three times faster than shipping by sea and for one-fifth of the cost of transport by air.

Major Railroads Connecting China and Europe

S. No	Starting Point in China	Destination in Europe	Distance Covered (in kms.)	Duration of Journey (No. of days)
1	Chongqing	Duisburg, Germany	11,179	14
2	Chengdu	Łódź, Poland	9,826	10
3	Zhengzhou	Hamburg, Germany	10,399	17
4	Suzhou	Warsaw, Poland	11,200	12
5	Wuhan	Lyon, France	11,300	15
6	Yiwu	Madrid, Spain	13,052	21
7	Harbin	Biklyan, Russia	6,578	10
8	Harbin	Hamburg, Germany	9,820	15
9	Xining	Antwerp, Belgium	9,838	12

Source: Cameron, n. 6.

There was also an effort to develop a maritime trade route between China and Europe through South China Sea, Indian Ocean and the Mediterranean Sea and from there to reach East European countries by land route. One of the segment of the B & R railroad project that got a head start was the construction of a link from the port of Piraeus close to Athens, Greece with Budapest, Hungary. Some such experiments are in the pipeline.

IV

In the European point of view B & R initiative is China's broadly sketched view of how it plans to boost regional integration in its wider neighbourhood in its effort to enhance its political, economic and cultural clout in that region. They also realise that the Chinese game plan contrasts sharply with the existing treaty-based integration concepts, where the geographical scope, partner countries, strategy, guiding principles and rules of the game were clearly defined in the outset itself. The European Parliament and its committees have seized the

matter and made serious efforts to study the B & R project carefully from different angles, especially how far it will be beneficial to the Union as a whole. One of its policy brief maintains: "OBOR-induced investment and trade relations between China and countries in Eurasia, Africa and the Middle East are likely to result in China's growing political and economic leverage on these countries. What impact this will have on the EU's long-term geopolitical, economic and geostrategic interests will also depend on whether the EU responds to B & R with one voice and coordinated policies".⁸

The *EU-China 2020 Strategic Agenda for Cooperation* mandated both the parties to strengthen their cooperation in "developing smart, upgraded and fully interconnected infrastructure systems," as well as "to explore models of infrastructure cooperation, including project bonds, project shareholding, joint contracting and co-financing, and further coordinate the cooperation among China, the EU and its Member States."

At the EU-China Summit on June 29, 2015, the partners decided along with a series of other agreements in the framework of the initiative, to launch an EU-China Connectivity Platform, which is expected to kick-start a much-needed dialogue on synergies between China's ambitious vision of an inter-connected world and Europe's multi-billion euro investment plan intended to boost jobs and growth. The setting up of the "connectivity platform" is presumed to enhance synergies between B & R and the EU's connectivity initiatives such as the Trans-European Transport Network Policy and to promote cooperation in areas such as infrastructure, equipment, technologies and standards, and also involve the European Investment Bank in this process. It also raised hopes that the EU institutions will take the lead in shaping European participation in the B & R projects.⁹

The European Commission's €315 billion Investment Plan for Europe or the so-called Juncker Plan¹⁰, named after President Jean-Claude Juncker, focuses on boosting European investments to create jobs and ensure economic growth in the EU, by smartly using existing financial resources and by attracting new investments by removing obstacles and by providing visibility and technical assistance to those investment projects. For this purpose, the European Fund for Strategic Investments (EFSI), also dubbed as the Juncker Fund, was created. EFSI

remains the central pillar of the Plan, and provides a first loss guarantee, by allowing the European Investment Bank to invest in riskier projects. The EFSI is already showing concrete results and the projects and agreements approved for financing under the EFSI are expected to mobilise around € 169 billion in total investments and support over 387,000 SMEs across the Member States. During the 2015 EU–China summit, China had assured to contribute its might to the EFSI through the mechanism of B &R, besides joining the EBRD.¹¹ How far, Beijing is going to stick to its positive posture remains a muted question.

While the EU expects that the third countries like China should maintain direct relations with it at the multilateral level and not with the member states bilaterally, China prefers to maintain bilateral level relations with the member states of the Union, and this sentiment is well reciprocated by the member countries as well. China too targets individual EU countries rather than the Union as a block, while investing in infrastructure projects. The propensity of the EU member states to privilege their bilateral ties with China came out clearly when fourteen among them acceded to the Asian Investment and Infrastructure Bank, an enterprise led by China, in a disjointed, and uncoordinated fashion without a proper consultation at the EU level. This development clearly proved, if such a proof is needed, it is quite hard for the EU to build a coordinated response when China is involved, since member states of the Union compete fiercely and openly for Chinese attention and investment. The prevalence of such a competitive atmosphere between member states could hinder the formulation of a collective approach towards possible investment in Europe through China's B & R initiative. This has led to concerns about China's investment strategy pursuing 'divide and dominate tactics' capitalising on the lack of a common EU strategy.¹²

Besides dealing with the member states bilaterally, China also deals with them in groups of its choice. For instance, China hosted the 16+1 forum¹³ annually since 2012 with the countries of Central and Eastern Europe (CEE), where a series of investment announcements, including proposals to include the forum in the B & R initiative and to set up a \$3 billion fund to finance projects in the region were made, without reference to the EU. Greece, which was shunned by the other members of the Union, was also patronized by China under this set up.

There were frequent bilateral meetings between CEE and Chinese officials, which eventually ended up with the signing of agreements between China and Hungary and Poland on B & R.¹⁴ Greece as well as some members of the so-called “16+1” group have already indicated their strong interest in the Chinese investments.¹⁵ To the chagrin and dismay of the Europeans, Beijing is reportedly lobbying for some such formats with Nordic and Mediterranean countries as well.¹⁶ Thus, the Europeans feel that the Chinese work for stalling the EU on key negotiations, while moving ahead with some of the member state(s) of their choice either bilaterally or in groups. They also suspect that the Chinese establish some such mechanisms to circumvent EU rules and regulations.

The EU is welcoming B & R initiative, but cautiously due to several concerns, especially financial security, involved. One of the segment of the B & R railroad project that got a head start was the construction of a link from the port of Piraeus, close to Athens, Greece with Budapest, Hungary, and thus clearly projecting China well into European main land. Piraeus serves as a gateway to Europe for Chinese products, and major Chinese firms have been using the port to enter the European market. China Ocean Shipping Company managed to secure a 67 per cent stake in the port’s Pier I from the Piraeus Port Authority SA in January 2016, which resulted in China practically owning Piraeus Port. This fact makes the EU to closely watch the project to observe its compatibility with EU principles, rules and regulations.¹⁷

It was also feared that Beijing may succeed in persuading governments in Central European countries to borrow funds from it to finance projects which may not be economically viable and beneficial. Due to their weaker institutional capacity and lack of capacity to independently make cost-benefit analyses, they had in the past ended up with large debts incurred to finance dubious projects that do not help their economies and now, there is a real risk that it may be repeated.¹⁸

The positive results of the EU-China cooperation could be substantial. Chinese participation in the EFSI would help kick-start the masterplan into action by injecting funds into sectors such as energy, digital, transport and innovation.¹⁹ The European leaders expect China to invest generously in the EFSI as promised earlier, with a marked focus on the

infrastructure and innovation sectors, which remains under-fed. The deal also opens the way for European participation in China's ambitious "B & R project for transport, energy and digital connectivity across China and Europe, across Central, West and South Asian regions.

The Europeans are also scarred by the lack of details and transparency, which betrays an impression that something is wrong and being camouflaged by the Chinese side in regard to B & R initiative and their stand and stake in it. The EU has urged greater transparency for B & R projects, especially those involving EU finance, and full compliance with EU, WTO and OECD guidelines. Though President Xi Jinping and Premier Li Keqiang have been quite eloquent on the vision and ambition of the Silk Road Economic Belt and the 21st Century Maritime Silk Road concepts since 2013, they have been intriguingly short on detail. It is alleged that precise information is scarce and inadequate.²⁰ The Chinese officials and experts have been struggling to define the concept and to come up with certain concrete and viable projects. There is neither timeline nor deadline and free trade agreements that were initiated long before the B & R initiative were also included. There seems to be no precise geographical confines with projects in Africa, Australia and even Latin America are being placed under the B & R umbrella. On the European side there has been a cautious welcome for B & R and the political and business leaders have been waiting for concrete and mutually beneficial projects materialize, with which they could associate and support.

B & R initiative is seen as an attempt on the part of the Chinese to flood the European markets with the cheap goods of poor quality. While they are sure of the goods trains carrying to their full capacity on their up trip from China to the European cities, they wonder what they will be carrying back during their down trip towards China. As such the initiative is considered to be beneficial to China without much return to Europe.

Fraser Cameron is quite correct when he points out that the B & R Initiative presents both challenges and opportunities for the EU. While opening up new EU-China trade routes could be beneficial for both sides, Chinese subsidised transport goods could represent unfair competition for EU companies. In the same way, Beijing's willingness to finance infrastructure in the EU's neighbourhood could be a win-win opportunity, provided the right cooperation

mechanisms are applied and pertinent rules ensuring transparency are introduced, he points out. However, he is categorical when he claims: “OBOR has major geostrategic, political and economic implications that the EU cannot ignore” and “B&R will certainly be watched closely by the EU both for synergies to participate and to guard against threats to European interests. It has considerable implications on the political, security, trade, financial and environmental fronts. The EU will have to consider the best approach to engage with China in order to maximise synergies.”²¹

There is a feeling among the European scholars that China always highlights the brighter side of the B & R initiative and to project that it will be highly beneficial to all but not about the risks and threats involved. They were not prepared to overlook the bottlenecks that may hinder the smooth functioning of the projects and point out that many of the countries along the route are politically volatile and economically vulnerable; 26 out of 66 involved are Islamic countries and some have serious problems with jihadist and fundamentalist elements; and that they vary enormously in size, development, history, religion, language and culture. They are worried that the B & R initiative could face many potential pitfalls including political instability, terrorism, corruption, high costs, harsh terrain, long distances to the market, and tensions with other great powers and they are aghast by the fact that China has no plan for facing these risks and threats.

All the reservations and concerns that the EU entertains in regard to the B & R initiative and the Chinese role in that enterprise, resulted in the Union’s refusal to be a signatory to the joint statement which was released at the end of the “Belt and Road Forum for International Cooperation”, which was held in May 2017 at Beijing by the Chinese government to shore up support for the initiative and to project to the world that all are with them. It appears that it is not so.

V

The B & R is considered as a facet of global coming of age of China. International financial institutions such as the World Bank consider that B&R could stimulate the global and

particularly Asian, economic growth by tackling poor infrastructure, lack of investment and poverty. The HSBC research report, which went into the merits of the initiative, noted that the countries along the land and sea routes on the Silk Road account for 63 per cent of the world's population and 59 per cent of global GDP. As this is the case, the project has enormous potential, for doing either good or bad to the economy and future of the countries and peoples involved. It is quite clear that B & R initiative is a Chinese venture and is expected to bring huge geopolitical and economic benefits to China.

Chinese leadership proposed and carries on the project on their shoulders with their regime interest in mind, besides the national economic interest. They wish to carry all concerned with the initiative into their fold and as such, wants Europe to be part of B & R. However, they keep the role of the "key driver" in their own hands and are ready to assign only the position of "camp followers" to others, including the Europeans. On the other hand, the EU entertains its own reservations in getting involved in the initiative, which remains cloaked in secrecy and inadequacy, even at its "work-in-progress" status. But one thing is certain - B & R initiative will continue to remain a hotly contested item in EU-China relations for years to come.

NOTES

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8) Different Dimensions of India-EU Relations: An Overview

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I: Introduction

India and the European Union (EU) are two important players in international politics. Both share a common worldview, and a commitment towards a peaceful, multilateral, democratic, and a just world order (Sachdeva, 2008). New Delhi is one of the oldest EU partners in South Asia. India established diplomatic ties with the EU in 1962. Since then there have been several changes in the level of the India-EU relations. Initially, it started with simple commercial cooperation agreements (1960-80), extended to a strong development partnership (1980- 2000) and finally entered into a strategic partnership in 2004. Today, leaders of both sides- India and the EU, have a definite vision for this relation. The Agenda for Action 2020 adopted during the 13th India-EU summit held in Brussels (2016) incorporates much of this vision. In this brief piece, we will make an attempt to engage with different facets of the India- EU relations. We will also try to examine the reasons as to why despite solid background and tremendous potential, the India-EU relations fail to reckon with the public in general. For a focused analysis, we will divide this paper into three parts covering different dimensions of India-EU relations - development partnership, economic ties and political partnership.

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II: Development Partnership

The EU is one of the top development partners of the world. "Over half of the development aid comes from the EU and its members, making them collectively the world's largest aid donor" (European Commission, 2017). In 2013, the EU and its member states contributed € 56.2 billion to international development aid that is equal to 0.43% of EU's gross national income (GNI) (European Commission, 2017). Almost every developing region of the world has had benefitted by the development policy of the EU and this includes South Asia (Tripathi, 2011a). The EU generously supported India in attaining some of its development goals. Operation Flood is a noteworthy example of this support to India from the side of the EU. Operation Flood was the world's largest food and development programme running from 1970 to 1996 and co-financed by the World Bank and the Indian government. Indian textile industry, jute industry, sugar industry are some of the other examples of how the EU helped India by promoting Indian products. The EU's support to the primary education sector is also well appreciated by all, as one could see it in the form of successful SarvaSikshaAbhiyan (SSA) and RashtriyaMadhyamikShikshaAbhiyan (RMSA). The EU's total support to the two education programmes of India is amount to € 520 million.

Indian economy has witnessed a significant shift after 1991 and today it is in the league of the leading world economies in terms of growth rate. With this new economic strength, India is no more an aid dependent country. On the contrary, India is now supporting development projects in other countries. The EU acknowledged this change and accordingly reoriented its development strategy for India. As per the EU's Country Strategy Paper (CSP) 2007-13 for India the new framework for development cooperation aptly mentioned- "As India continues on this path, as most observers expect it to, the need for development assistance will gradually decrease, and future EC Country Strategy Paper (CSP) should increasingly focus on other areas of cooperation".

III: Economic Partnership

With a GDP of \$ 2.088 trillion, India is one of the world's rising and rapidly growing

economies. The EU has a GDP of \$ 16.518 trillion (2016) (These figures are from the World Bank and IMF data). Concerning trade and economy, the EU is India's number one trading partner (2015-16), and India is EU's ninth trading partner. The EU investment stocks in India total € 51.2 billion in 2015 and the EU imports to India total € 39.3 billion (2016), and the value of exports to India total € 39.3 billion (2016) (figures are from webpages of the EU & different ministries of Government. of India).

At the fifth EU-India summit of 2004, the EU-India relationship was turned into one of Strategic Partnership, to be implemented by a Joint Action Plan (See Country Strategy Paper 2007-2013, 2007). The Commission Communication on the case of the EU-India Strategic Partnership, as envisaged by the Action Plan, believes in guiding its approach through various normative frameworks, such as "promoting peace, stability, democracy, and human rights", "cooperation on fighting poverty and inequality", and "enhancing economic interaction". This approach highlights three areas – "economic sectoral dialogue and cooperation", "civil society and cultural exchanges", "academic exchanges". In the case of the first, enhanced cooperation includes the areas of trade, industry & business cooperation, transport, energy and the environment.

In March 2016, at the 13th EU-India summit, the Agenda for Action 2020 was envisaged. The economic ideals propagated by this are the promotion of multilateralism in the emerging global economic order, implementation of mechanisms to facilitate investment of the EU businesses in India, cooperation on intellectual property rights, and strengthening of conditions to facilitate India's 'Make in India' programme (See EU-India Agenda for Action 2020, 2016). The Agenda for Action also promulgates initiating various discussion platforms including several new Working Groups, which will be assisted by Sub- Commissions and the Joint Commission.

Additionally, the India-EU trade negotiations are underway. Following the EC-India Cooperation Agreement of 1994, and the Action Plan of 2005, negotiations for a comprehensive Free Trade Agreement (FTA) are underway. This includes "access to each other's markets, for goods, services and to public procurement contracts", "the framework for investment,

including investment protection”, “the rules that frame trade, such as intellectual property and competition”, and “sustainable development, to ensure growth in trade is in tandem with the environment, social and labour rights” (European Commission, nd). While the FTA will certainly help in promoting the India-EU trade ties but number of conflicting issues are unresolved and agreement is still in the stage of discussion and negotiation (Tripathi, 2011b).

IV: Political Partnership

India and the EU have had a strong development partnership and burgeoning economic ties, and these two are the indicators that there is an equally close political relation between the two. Certainly in terms of agreements it could be concluded that political relations are strong but there is a different side of it. Before coming to critical evaluation, we will plainly discuss the political aspect of this relationship. The India-EU political partnership could be read into two parts - one is the normative framework that both shares and other is the strategic partnership.

a) Normative Framework of India-EU Relations:

In keeping with the normative ideas outlined in the various action plans and agreements, a wide range of programmes of cooperation has been founded. Around seventy such programmes are being implemented by the EU's initiative on international cooperation and development. Some of these programmes include policies specific to particular states in India, such as the State Partnership Programme (SPP) with Chhatisgarh and Rajasthan and the Initiative for transparent and accountable governance systems in Jharkhand, which have been earmarked with a budget of € 133675000 and € 1350000 respectively. Other areas of development cooperation include biodiversity and ecosystem services, children and youth, civil society, democracy and human rights, education, employment and decent work, energy, environment and green economy, food and nutrition security, gender, governance, health, IT and telecoms, migration and asylum, private sector development, social inclusion, social protection, sustainable agriculture and rural development, trade, transport, urban development, and water and sanitation. There have been multiple positive tangible outcomes of such cooperation in the fields of inclusive growth and poverty reduction, as well as

employment and social protection. Within the normative framework, we can also include the India-EU commitment to work to address the adverse impact of climate change. Similarly, both India and EU are willing to work on the concept of clean energy.

b) *The India-EU Strategic Partnership:* Academically one of the most discussed aspects of the India-EU relations is the strategic partnership. This was signed in 2004 during the fifth India-EU summit held at The Hague. Strategic partnership reaffirms the formidable historical ties that India has with the EU. Moving ahead of simple economic ties and development cooperation, the strategic partnership provides scope for joint political actions. These include attempts to improve international cooperation through multilateralism, conflict prevention and post-conflict reconstruction, non-proliferation of WMDs, the fight against terrorism and organised crime, migration, democracy and human rights, and stability in South Asia.

To make cooperation better various other areas of collaboration are identified to enhance the capacity for overall cooperation. The 2004 Joint Action Plan identified areas of cultural, academic and civil society cooperation. In the CSP 2007-2013, the following areas can be found: Civil Society and Cultural Exchanges, Civil Society Exchanges including a new Cross Cultural Programme, Culture Fund and Academic Exchanges through a continuation of the cooperation in the higher education sector and the creation of the EU and Indian Studies Centres. Education remains a priority area of cooperation under the strategic partnership framework. This includes encouraging the installation of Chairs and/or Centres of Modern Indian Studies in EU Universities and of EU Studies in Indian Universities including languages of the European member states (See *The India-EU Strategic Partnership: Joint Action Plan*, 2005).

To strengthen the political partnership that will further boost the strategic ties between the two sides, the EU- India Agenda for Action 2020 underlined relevant issues for joint action. Under the heading of foreign policy and security cooperation it is agreed that both sides will enhance foreign policy coordination in different regions. India and the EU will also "explore possibilities for development partnership and triangular cooperation" (See *EU-India Agenda for Action 2020*, 2016). For security cooperation, information sharing between the intelligence

agencies of both sides is identified as an important area. Counter-piracy and cyber security are also considered as issues of contemporary relevance for India and the EU.

V: Critical Evaluation

There are several right tracks in the India - EU relations if we analyse it from perspectives of development partnership and economic cooperation. Interestingly, this celebratory feature of India-EU relations makes an evaluator ambitious. It kindles hope and one attempts to search similar level of political engagement between India and the EU but the real picture is little disheartening. The political side of India-EU relations is not very bright, despite it transitioning into a strategic partnership way back in 2004. This failure to implement the spirit of strategic partnership is a bit disappointing and at times dubbed as “neither very strategic nor much of partnership” (Kavalski, 2015). Not so pessimistic is the view of Prof. Sachdeva, who succinctly identified reasons for the not so warm India-EU strategic partnership. According to Prof. Sachdeva, “since 2009 the relationship has lost momentum. Many factors including a deadlock in trade negotiations, global slowdown, crises in some euro area economies and policy paralysis in India during the last few years have contributed to this situation” (Sachdeva, 2015). These could be a valid explanation for not so healthy India-EU political partnership; still one could cite few more reasons for it. One is that the EU is mainly considered as an economic power without a formidable political agenda. At times, the EU struggled to procure consensus of its members on external matters. Admitting the lack of coherence amongst the member states of the issue of world politics, the EU introduced several focus policies on external affairs in the Lisbon Treaty (2009). Post Lisbon Treaty, the EU created High Representative of Union for Foreign Affairs and Security Policy. After that, much attention was devoted to foreign affairs. In this context, dullness in the EU-India political relations is not unexpected. Similarly, there have always been doubts over the willingness of the EU to play a role of an independent international power. The EU has an image of soft power, remains hesitant in adopting hard politics and majorly followed the US political line in international relations. These all make it a feeble international political player without much of its own clout. The India-EU political

relationship is not an exception, so while development cooperation and economic ties blossomed, the same is not the case with strategic partnership.

Interestingly, at present, the international politics is changing and this offers an opportunity for both India and the EU to play an active role. While India is a rising power, the EU is an economic powerhouse. It opens prospects for close collaboration between the two in the near future. The commonality in foreign policy approach makes it easy for India and the EU to work together on a number of issues. The India- EU strategic ties provide the legal basis for joint political actions. In short, the political will of both sides could change the future of India-EU relations.

Conclusion

In simple terms, India-EU relations are good and this can be authenticated on the basis of trade figures and support given by the EU to India in terms of development assistance. The only point of digression is the political side of this India-EU relation. Still, there is a solid background, legal frameworks and appropriate opportunities for both parties to explore in political relations.

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