Transatlantic Relations—What’s Next?

Essays by University of Pennsylvania Faculty and Scholars

June 2019
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Introduction

In the past few years, divergences across the Atlantic have led some to question the future of the transatlantic partnership.

The transatlantic bond now appears weaker than before, as states rethink their strategic priorities in light of current geopolitical trends and with a renewed focus on national (rather than mutual) interests. Leadership changes in several countries and the rise of populist and nationalist movements have contributed to loosening transatlantic ties, with states now struggling to find a common course of action vis-à-vis an array of issues: China’s rising influence, Russia’s international ambitions, Iran sanctions, engagement in the Middle East, the migration crisis, Libya’s political instability, etc.

At a moment of change and challenge in the United States, Europe, and beyond, Perry World House, the University of Pennsylvania’s global-affairs think tank, called upon the world-class faculty and scholars at Penn to identify the most important questions facing the transatlantic community. This policy brief explains why each question is so important and suggests answers to each, including:

- What do E.U., U.K., and U.S. politics mean for transatlantic relations?
- What is NATO’s main challenge now?
- What ended the Cold War?
- How can transatlantic policymakers reinforce and revise the institutions, norms, and laws that undergird the international order?
- How can transatlantic policymakers confront rising populism?
- What are American and European officials doing to protect and promote embedded liberalism?
- Do small states matter in transatlantic relations?
- What can countries like Belarus and Moldova teach the transatlantic community about the future of Western politics?

In our short history, Perry World House has helped Penn usher in a new era of global engagement and international-policy impact. Like this policy brief, Perry World House—its programs and the building itself—builds on Penn’s strengths in teaching, interdisciplinary scholarship, and policy-relevant research.

Located in the heart of campus at 38th Street and Locust Walk, Perry World House draws on the expertise of Penn’s 12 schools and numerous globally oriented research centers to educate the Penn community and prepare students for an increasingly globalized society. At the same time, Perry World House connects Penn with leading experts from around the world to develop and advance innovative policy proposals. We have convened conversations in Philadelphia around the most pressing global challenges and catalyzed interdisciplinary and policy-relevant research by scholars at Penn and around the world.
### Biographies of Penn Contributors

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What do E.U., U.K., and U.S. Politics Mean for Transatlantic Relations?

By Spencer P. Boyer

THE CURRENT TRANSATLANTIC MOMENT

As Americans barrel toward the U.S. presidential elections in 2020 and Europeans confront the possibility of a no-deal Brexit this fall, there are competing narratives about the current state of transatlantic relations and what the next year and a half will mean for the identities of both the United States and Europe. The Donald J. Trump administration’s rampage through established international norms, the failure of U.K. Prime Minister Theresa May to bring her own party to agreement on an exit deal with the European Union, and the strength of populist movements across Europe have left many champions of transatlanticism demoralized and frightened about the future. The reasons for pessimism are clear.

Despite arguments for viewing the current state of play through a glass-half-full prism—based mainly on a notion that working-level experts on both sides of the Atlantic are keeping things afloat—mounting transatlantic tensions over major policy issues, like relations with Iran and climate change, and public spats between Trump and friendly foreign leaders, make it hard to argue that business as usual at lower levels is enough. The world has seen how the American president’s unvetted tweets and unscripted moments can immediately shake the stock market, send a company’s shares plummeting, derail a G-7 communiqué, and drive national security policy on issues like border security.

Perhaps the most pertinent question, however, is what the outcomes of U.S. and British political decision-making this year and next—combined with what we have learned from the European Parliament election results—mean for the overall transatlantic relationship? At a moment when both American and British publics have chosen—albeit by slim margins—anti-establishment, disruptive directions, and where European populations are continuing to support right-wing populist parties, is there any reason for optimism? Despite outcomes through 2020 that could inalterably shift the U.S.–European relationship in a negative direction, are there any lesser-known opportunities for closer ties heading into the next decade?

AMERICAN IDENTITY AND CHOICES

Any predictions about the transatlantic community’s future are, of course, marbled with the current political crisis in the United States. Trump’s “America First” mantra and ethnic–nationalist policies regarding who should be admitted to the United States—whether asylum seekers at the southern border or travelers from Muslim-majority countries in the Middle East—have primed the president’s narrative about the United States being under siege. Traditional European allies—including the European Union, which Trump deemed a “foe” in 2018—have been lumped together with countries truly unfriendly to U.S. and broader Western interests. Trump’s antagonism toward Euro–Atlantic institutions and leaders who disagree with him is a byproduct of the president’s transactional, zero-sum worldview, where there are only winners and losers. For a man who wrote The Art of the Deal, there are surprisingly few deals where there are possible win-win outcomes.

Normally, this would be plenty to worry about. These nationalist philosophies and actions, however, combined with the president’s regular attacks on democratic institutions as conspiring against him (especially the media), a non-kinetic civil war between congressional Democrats and the White House over the interpretation of Special Counsel Robert Mueller’s report, and the possibility of an impeachment inquiry have created a full-blown stress test for U.S. democracy. While the country’s democratic institutions have passed the test so far, the difference between one and two Trump terms could be dramatic.
This fact is not lost on the nearly two-dozen Democratic candidates who have jumped into the presidential race. While a great deal is at stake substantively in the foreign policy and national security realm, the 2020 federal election might mean even more in terms of messaging about what the United States is at this moment in history. Yes, 2020 will determine whether or not America’s participation in the Joint Comprehensive Plan of Action or the Paris Climate Agreement can be revived and whether threats of multibillion-dollar tariffs on European goods can be permanently shelved. These policy choices will undoubtedly affect the tenor of U.S. relations.

But the impact of a reelection of Trump would mean far more, at home and abroad. If the U.S. president continues to question the value of NATO or praise dictators like North Korea’s Kim Jong-un, mainstream European leaders will rightly question whether the relationship with the United States has been permanently ruptured. Despite the 10,000 documented falsehoods Trump has made since taking office, he told the truth about what he would do as president. No one can claim to be unaware a second time around.

THE UNITED KINGDOM’S AND EUROPEAN UNION’S DECISION POINTS

The impact of the United Kingdom’s political choices over the next few months, and how the recent European parliamentary elections reverberate, will be no less profound. Despite Prime Minister May’s three attempts to push the painstakingly negotiated Brexit deal with the European Union through the U.K. Parliament, a resolution to the crisis remains elusive. There continues to be significant disagreements within Parliament and among the public on the proper course to take, with no single option—including May’s deal, a no-deal Brexit, no Brexit at all, or a second referendum—gathering escape velocity. The European Union, for its part, has been clear about its unwillingness to reopen negotiations, which took the better part of two years to conclude.

The current wildcard is May’s recent decision to resign and the jockeying to replace her as Tory leader. The viable candidates have different Brexit game plans, although the current front-runner, former Foreign Secretary Boris Johnson, would be happy to crash the United Kingdom out of the European Union without a deal on October 31. Despite the widely understood economic and political catastrophe a no-deal Brexit would be for both sides, the impressive showing of Nigel Farage’s Brexit Party in the parliamentary elections gives hard-liners hope that Tories will choose a no-deal prime minister. The United States, which is already facing the loss of one of its most important interlocutors in the European Union, will also be harmed by a U.K.–E.U. break with no solid framework in place to manage trade, regulation, or security-related cooperation. Stock-market investors and U.S. industries with significant European and British exposure, including companies in the auto, health care, technology, and communications realms, could be particularly hard hit.

At the same moment Europe is facing a possible hard stop to its relationship with the United Kingdom, the ramifications of the parliamentary elections are coming into focus. While Euro-skeptic populist parties did not make notable gains across Europe, they also did not lose ground, finishing approximately where they did five years ago. Center-left and center-right parties, on the other hand, lost almost 80 seats. France’s far-right National Rally Party edged out Prime Minister Emmanuel Macron’s La Republique en Marche, and Italy’s right-wing League (or Lega) won more than a third of the vote and will lead a bloc that makes up 10 percent of the country’s parliament. Far-right populist parties, which share many anti-immigrant and anti-elite views with their American alt-right cousins, have cemented their presence and will continue to have a transatlantic voice.

OPPORTUNITIES GOING FORWARD

So, what are the opportunities during this moment? There aren’t many, but there are a few.

In Europe, there is evidence that right-wing populism as an ideology might not be the growth industry it was previously believed to be. Despite continued concerns among far-right voters about borders, immigration, and national identity, many voters on the right and left who are rejecting mainstream parties and politicians are primarily wedded to change—in whatever form it comes. In the E.U. parliamentary elections, Euro-skeptic parties across the continent did not make substantial gains and the pro-E.U. center is holding firm with approximately two-thirds of the 751 seats. Liberals and Greens picked up more than 50 seats, blunting ethnic-nationalist gains. The widespread desire for change agents gives mainstream parties, which largely value the transatlantic relationship, an opportunity to compete for support among a disappointed and ambivalent electorate concerned about a range of topics, including the economy, the environment, migration, Russia, and Islamic radicals.

While the Brexit Party was the winner in the United Kingdom with 32 percent of the vote in May, one can view the results as a backlash against establishment parties
with confusing positions on Brexit. Perhaps voters are sending the message to British politicians to take the country out of limbo and move forward with a decision. If the worst-case scenario of a no-deal Brexit can be averted, and if the United States can be a helpful partner in developing a future trade deal with the United Kingdom that is beneficial to all stakeholders (and not just the United States in the short run), there will continue to be opportunities for deep economic and security cooperation that benefit the entire transatlantic community.

On the other side of the Atlantic, a new administration would obviously allow for a clean start. All of the Democratic contenders have platforms more conducive to supporting the liberal international order—valuing U.S. alliances and cooperation on shared global challenges—than what the president is pushing. But it is difficult to envision many areas for transatlantic growth over the next several years if Trump is re-elected. Tensions over Iran, Middle East peace, and climate-change policy will likely only get worse. Friction over defense spending levels will intensify. In this situation, perhaps the most promising opportunity would be for U.S. localities and transatlantic counterparts to enhance cooperation on environmental and other appropriate issues. This would be a moment where states, cities, and private companies might be forced to play a more aggressive role to protect their security and economic interests in areas previously left to the federal government.

ENDNOTES


4 Ibid.

What is NATO’s Main Challenge Now?

By Michael Carpenter

What are the greatest over-the-horizon threats to the transatlantic community and how must NATO adapt to address these threats? This perennial question will again be at the forefront of NATO leaders’ minds at the 70th anniversary summit in London this December.

Over the last 20 years, the answers to this question have shifted dramatically. After the 9/11 attacks, NATO leaders saw global terrorist groups as the chief threat and determined that NATO had to “go out of area or go out of business,” as one American official said previously.1 The alliance consequently shed much of its conventional deterrence posture and adapted its mission to conduct expeditionary counterterrorism and counterinsurgency operations. After Russia’s invasion of Ukraine in 2014, leaders reversed course and decided to go back to basics to strengthen territorial defense and deterrence, once again overhauling the alliance’s defense posture, exercises, and training regimen.

So, what is NATO’s main challenge now? Russia, China, and extremism are all threats that will be discussed in London. But one of the most dangerous and proximate threats to NATO today is, paradoxically, unlikely to receive much attention at the next summit. This is the challenge of eroding democratic norms and authoritarian resurgence within the alliance itself.

Two key attributes have made NATO the most powerful alliance in the history of the world: its awesome collective military capabilities as well as its collective political will, underpinned by a shared commitment to democratic values. The credibility of NATO’s Article V commitment to treat an attack on one as an attack on all stands at the very heart of the alliance’s deterrence posture. That credibility is based on having both the military capabilities and the political will to defend any ally at any time. If the political will to act is eroded because the common value system underpinning the alliance is coming undone, then so too will the alliance’s ability to act in a moment of crisis. And that is true regardless of whether NATO members are spending 2 percent of GDP on defense or 10 percent.

Right now, two allies, Turkey and Hungary, have regressed so far in their adherence to democratic norms that most other allies are questioning their determination “to safeguard … the principles of democracy, individual liberty and the rule of law,” as set forth in the Washington Treaty.2 Moreover, as Budapest and Ankara have aligned their foreign policies more and more closely with Moscow, which is still rightfully considered the critical key threat by most other allies, there is today more doubt than ever about the strength of alliance solidarity. For a military alliance that operates on the basis of consensus, that is not just a normative problem; it is an existential crisis.

While it is true that some allies have regressed on democratic values in the past, for example during Greece’s military dictatorship in the late 1960s and early 1970s or in the aftermath of Turkey’s various military coups, the bipolarity of the Cold War helped to mitigate any of the resulting concerns about the credibility of Article V that may have arisen. The logic of bipolarity ensured that as long as the United States remained fully committed to defending its less-than-democratic allies, Article V would remain fully intact.

Today this logic is increasingly being called into question. As Ankara moves forward with the purchase of the Russian S-400 air-defense system, which is specifically designed to target U.S. aircraft, and as Budapest uses its veto power to block NATO support for Ukraine, it is increasingly apparent that their strategic objectives are not in alignment with Washington or Brussels. In this situation, some have even asked whether the alliance would muster the political will to defend such states from an outside attack, or vice versa, whether these countries would come to the defense of their fellow allies.

Already many allies have quietly voiced concerns over the prospect of sharing sensitive intelligence with Hungary and Turkey. These concerns have led to a more bilateral approach to intelligence sharing across the alliance so as to avoid the disclosure of particularly
sensitive sources and methods to allies whose trustworthiness is in question.

Sensing this weakness in alliance cohesion, Russian President Vladimir Putin has focused on assiduously cultivating Turkish President Recep Tayyip Erdoğan and Hungarian Prime Minister Viktor Orbán with financial and energy deals to keep their interests aligned with Moscow’s. For Putin, the goal of splitting the transatlantic community is paramount, and the strategic benefits of financing Turkey’s and Hungary’s short-run energy needs are enormous. Putin no doubt also plays on Orbán’s and Erdoğan’s latent fears that NATO will fail them in a moment of crisis and suggests that Moscow is both a more reliable partner and one that is unperturbed by their authoritarian excesses.

To make matters worse, the Trump administration has so alienated most of its European allies that U.S. standing within NATO is now at one of its lowest points in the entire post–Cold War period. Pew’s Global Attitudes survey found that trust in the leadership of the U.S. president has nosedived under the Trump administration. In Germany, for example, confidence in the U.S. president has fallen from a range of 71 to 93 percent over the course of the Obama presidency to just 10 to 11 percent today. Washington’s ability to keep the alliance united at a time of increasing doubt about its common strategic goals is therefore at one of its all-time lows.

So, despite the understandable reticence to discuss the issue of democratic backsliding at the next summit, NATO cannot just brush off the question of governance. One option that has been discussed among some experts is the possibility of kicking Turkey and/or Hungary out of the alliance. But aside from the procedural and legal problem of there being no mechanism for revoking membership, any revocation would be an unprecedented step that may have grave long-term geopolitical repercussions. If carried out, the possibility of reintegrating these countries into the alliance in the future would be uncertain, which would play directly to Putin’s advantage.

Another option is to park countries like Hungary and Turkey in a sort of a “halfway house,” as some have called it, where the remaining members of the Alliance undertake to limit their obligations with respect to these countries until such time as they return into compliance with the principles discussed in the Washington Treaty. Various other combinations of carrots and sticks could also be considered to incentivize Budapest and Ankara to halt or reverse their democratic backsliding.

However, sweeping the issue of democratic norms under the rug will not make this threat to alliance cohesion go away. Whether it is on the formal agenda for London or not, transatlantic leaders have to give this threat the attention it requires.

ENDNOTES

1 Richard Lugar, “NATO: Out of Area or Out of Business; A Call for U.S. Leadership to Revive and Redefine the Alliance,” The Richard G. Lugar Senatorial Papers, Indiana University–Bloomington, August 2, 1993, https://collections.libraries.indiana.edu/lugar/items/show/342?c=0&m=0&s=0&cv=0&xywh=-2289%2C-375%2C9650%2C7495


What Ended the Cold War?

By William Ewald

In 1929, George Kennan, a foreign service officer still in training, was assigned to the U.S. legation in Riga, Latvia, which was as close as he could get to the Soviet Union. For the next five years, he was an obscure young man in an equally obscure diplomatic outpost. He spent his time reading history, learning languages, talking to the locals, and listening to Soviet political propaganda. It was an isolated existence, and he had only a very restricted view of world events: the view of a small frog on the edge of a large pond.

But frog perspectives have their uses. Compared with his bosses, the much larger frogs in Washington, D.C., Kennan had the advantage of geographical proximity and a remarkable ability to notice what was happening around him. His view was narrow, but it did enable him to detect certain local ripples of world events.

Sixty years after Kennan went to Riga, the Soviet Union fell apart. What happened? According to a widespread story, believed by certain big frogs in Washington, D.C., what happened was this: After the presidencies of Gerald Ford and Jimmy Carter discredited the policy of détente, President Ronald Reagan took a new approach. His approach—his arms buildup, his willingness to outspend the Soviet Union, his stationing of Pershing II missiles in Europe, his steadfast refusal to bargain away the Strategic Defense Initiative, his insistence that communism must not be lived with but defeated, his denunciations of the Evil Empire, his call to "tear down this wall"—caused the leadership of the Soviet Union to face reality, to acknowledge American superiority, and to throw in the towel. Mikhail Gorbachev, it is conceded, was somehow involved. So (at any rate around the periphery) were Margaret Thatcher and Pope John Paul II and perhaps even Helmut Kohl. But it is a story that is overwhelmingly focused on the United States—more specifically, on Washington, and, more specifically still, on the part of Washington concerned with the military. And if you believe it, then of course you are going to favor a certain approach to foreign policy.

No doubt there is some truth to that story, at least in part. But let me mention my own froggish perspective. It is entirely anecdotal, and I claim for it no scientific validity whatsoever. Its only virtue is to conflict with things that are perhaps too quickly taken for granted.

For about three years, from 1985 to 1987, I was studying at the University of Göttingen under the auspices of Alexander von Humboldt Stiftung in what was then West Germany. Geographically, Göttingen was on the front line of the Cold War. A short hike would bring you to the East German border, with a fence, and watchtowers, and guards who never waved back. The Pershing II missiles had just been stationed in Germany, over massive protest. Soviet General Secretary Yuri Andropov had just died; the 40th anniversary of the end of World War II came and went; former West German Chancellor Helmut Schmidt remarked that the question of German reunification “was not for this century”—implying that it was unlikely to be a question for the next century, either. The European Economic Community had been stagnant for more than a decade. The geopolitical situation appeared set in ice.

Most of my friends were German graduate students, working on legal theory and legal history. A number of Eastern Europeans studied in the law department (and I met many others elsewhere in the wider world of Humboldt fellows). They were top students, studying on various fellowships from the German government, and they were intensely interested in Western law. There was a weekly colloquium that met in the evenings. Afterward, the group would head for a bierstube. The discussions, heavy with cigarette smoke, would continue deep into the night.

One memorable evening went like this. A visitor from Poland had just given a talk. After several hours of academic discussion (and more than several beers), he mentioned that during his military service he had commanded tanks. One of my German friends perked up. “That is what I did,” he said. (Conscription was universal for young Germans then.) They began to compare notes.

My German friend explained what it was like to drive one of the new Leopard II tanks: You’d be bouncing along at high speed over rough terrain, the entire tank shaking, but a precision gyroscope would hold your gun perfectly level, locked onto its target. All you needed to do was push a button. “The technology,” he said, “was astonishing.”
The Pole said, yes, he had heard about those tanks. Things were a bit different in Poland. He had about 40 tanks under his command. On a good day, maybe half of them would start. The rest, he said, were garbage. “But it doesn’t matter,” he continued. “If there is a war, you don’t need to worry. My men won’t fight. Not even if you give them your good tanks. They’ll desert.” He paused. “At any rate, that will be the second thing they do.”

“Really?” somebody asked, a bit startled. “What’s the first?” He switched pronouns. “First, we cut the rail lines,” the Pole replied. “That’s to screw the Russians. Then we go home, or surrender, or fight for NATO.” There was a longer pause, and I naively inquired: “Are the Russians aware of this?” He was scornful: “Of course they are aware. They have no friends in Poland. Everybody knows it.”

A graduate student from Budapest spoke up, irritated. The entire discussion, he said, is beside the point. The Soviet army was never going away. It had grabbed half of Europe, and it would be there forever. There was nothing the Poles could do about it. They were just blowing hot air. Besides, 1992 was just a few years off. After that, central Europe was finished.

I had many similar conversations during those years. They all circled back to the central points: the widespread dislike of the Soviet occupation, the frustration at being cut off from the rest of Europe, the dejected sense that nothing was ever going to change, and that 1992 was looming.

And then came Chernobyl, and Gorbachev’s first tentative liberalizations, and a relaxation of tensions. And then it was 1989, and Hungary opened its borders, and hundreds of thousands of people took to the streets, and the whole Cold War business, which had seemed so permanent just two years earlier, simply collapsed.

Why did it happen? What brought those people into the streets? And, for that matter, what was the significance of 1992?

In informal conversations, I have put this question to a number of policymakers in Washington. Most of them were medium-sized frogs, but there were also a few large ones. I have yet to meet one who knew the answer. The most common response was a look of bafflement.

In 1986, the European Economic Community had long been in a state of what everybody called “Eurosclerosis.” Nothing new was happening, and even things that had long since been agreed on were not getting done. The entire project was stagnating. So, in 1986, the leaders of the European Economic Community signed the Single European Act. The Single European Act was an effort to get things moving. It did not attract a great deal of attention in the United States: just another dull European summit. But it set 1992 as the target date for consolidating the internal European market. That date, taken so casually in the West, evidently set off alarm bells in Eastern Europe. That was what the people I was talking to were talking about. There was almost a sense of desperation. After 1992, there would be no catching up to the rest of Europe, ever.

What does all of this have to do with the story that attributes the end of the Cold War to U.S. military spending? All I can say is, from the frog perspective of Göttingen, it didn’t look that way, even a little. Nobody was talking about the Pentagon budget, or even very much about NATO. But a lot of people were talking—and talking quite obsessively—about the future of what is now known as the European Union. (The new name was adopted in the Maastricht Treaty: fittingly enough, in 1992.)

I am of course aware that this little story is just an anecdote and that it has no scientific backing. But sometimes the view from a place like Göttingen or Riga can tell you something worth thinking about. And, as it happens, there is a rather large gap in the familiar story. What did bring all those millions of Eastern Europeans onto the streets in 1989? Was it because they suddenly noticed that Pershing II rockets were pointed at their heads? Is that the way large numbers of people habitually act? Or could it have been something else?

The matter can of course be studied, most obviously by asking the people who were involved. I am not aware of any such systematic study. Until that work is done, the familiar big-frog story is also just an anecdote with no scientific backing: extremely isolated and far removed from events on the ground.

ENDNOTES

How Can Transatlantic Policymakers Reinforce and Revise the Institutions, Norms, and Laws that Undergird the International Order?

By Julia Gray

International organizations (IOs) look to be under siege. Even though IOs such as NAFTA and the European Union have been widely regarded as successes, they stand up for renegotiation or exit. Scholars and policymakers alike worry over the potential collapse of the post–World War II order. But this view reflects a skewed understanding of what that order really means and how it works. For transatlantic policymakers attempting to reinforce and revise the institutions, norms, and laws that undergird the international order, appreciating the true nature of IOs is critical.

First, IOs almost always look to be more successful when we limited our gaze to the “winners”—that is, the ones that persisted despite adversity. When we pick winners without acknowledging the grimmer fates of similar IOs, we are in danger of reaching the wrong conclusion about which types of IOs work and which do not. For example, praise of NATO’s durability and adaptive skills overlooks the fact that the United States also tried to initiate similar security efforts not only once (the failed Southeast Asian Treaty Organization), but multiple times (the 1955 Middle East Treaty Organization, which collapsed and reformed as the Central Treaty Organization, which itself collapsed).

Second, high-profile renegotiations or exits can make it seem as though IOs these days are in dire straits. But even under ordinary circumstances, organizations that do survive often end up a few steps away from what their original creators intended. This is because every organization experiences periods of direct crisis or indirect attrition. For example, the renegotiation of NAFTA grabbed headlines for months. But at a minimum, preferential trade agreements tend to get back-burnered when new leaders take over. Elections bring to power leaders with new constituents to represent, and the bargains struck by their predecessors do not take top priority. This shows that, although renegotiations are a more visible and relatively rare instance, the implementation of international agreements can suffer when their members welcome new leaders.

More acutely, my research also shows that organizations can also drift into “zombie” status, even if they do not fall apart altogether. In a survey of around 80 organizations whose purposes include the promotion of trade among members, I found that around 40 percent of them either died off—sometimes to resurrect, but other times to vanish altogether—or went into a period of listlessness, with no meetings or outputs. Such moments often fail to make headlines. Countries and IOs themselves would usually prefer not to draw attention to their failures in cooperation.

But these examples show that international cooperation has always been fragile and that this current period of tension may not be as exceptional as it first seems. The truth is that there is relatively little strong science about how exactly IOs work. How do you study the effects of IOs or preferential trade agreements when you know that countries tend to form and join agreements that conform with what they were planning on doing anyway? This problem of “selection” plagues the study of international cooperation; it is difficult to get upset about the collapse of IOs once we acknowledge that countries usually do not sign on to those that would really make them change their behavior.
We also know that there is only so much that we can observe systematically about how IOs work. Academic studies tend to focus on the most basic visible facts about IOs, such as their members and their charters. To be sure, some scholars claim that treating an IO’s charter as a contract negotiated among members can tell us a lot about how that organization is going to work. But more nuanced studies show that great powers still exert enormous influence behind the scenes, even if the rules and procedures up front look to be balanced. Influential members still exercise “informal governance” of IOs, despite the formal rules.  

Take, for example, the institutions meant to govern international trade at a global level. The most ambitious attempt to establish international trade was the post–World War II Bretton Woods proposal for an International Trade Organization. Although the United States was the very originator of that idea, it subsequently watered down and then killed the proposal altogether. What emerged instead was the more limited General Agreement on Tariffs and Trade (GATT), an agreement for developed countries alone and one that avoided the sticking point of agriculture, which is part of what sunk the International Trade Organization. It is true that the GATT functioned well for 40 years, but it did so on a mandate that was deliberately limited both in membership and in scope. When you have an IO that sets out to liberalize only what its rich members want to trade—that is, when the design and membership of the organization deliberately excludes countries and products that would provoke concerns about inequality and unfairness—you are setting up that organization for success. But as new countries started to clamor for membership, it became clear that the old rules of the GATT would not continue to work. Once poorer countries wanted to be part of the group, they brought with them agendas for different types of systems and standards for liberalization. The World Trade Organization (WTO) attempted to confront the realities and difficulties of creating a broader playing field, and to extend the gains from trade to more than just a wealthy subset of countries. This was a much more ambitious aim than what the GATT set out to achieve—and it is not surprising that it faltered. The Doha round of liberalization hit the skids only four years after the WTO’s creation and collapsed altogether in 2015. The most active part of the WTO today is its legalized dispute-settlement body—but rather than poorer countries using it for justice against rich countries, it is mostly the E.U. and the United States taking turns suing one another—and offline diplomacy still plays a powerful role in dispute settlement. 

These realities should offer some perspective for American and E.U. policymakers attempting to navigate the current landscape for international cooperation. When we acknowledge how little we know about what really makes IOs work, we must also admit that our hopes for IOs work may have always been too high. Such an admission will help manage expectations for what can be done to strengthen the international order and inform those efforts.

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How Can Transatlantic Policymakers Confront Rising Populism?

By Julia Lynch

In the last decade, populist-inspired parties of both the left and right have enjoyed success across western Europe—from the Finns Party in Finland to Podemos in Spain to the Independence Party in Britain—just as both Democratic and Republican candidates in the United States have taken up more populist appeals. Populist parties and movements, whether of the right or left, claim to represent the interests of a homogeneous, pure, and virtuous people as against an evil, corrupt elite. They appeal to unifying sources of identity (for example, nationalism and ethnicity) against both pluralism and the potentially cross-cutting class cleavage in postwar European party systems. They hold a mixed attitude toward markets (general support for markets at the national level, suspicion of global and European markets, and support for welfare protections for “the people”). And they propose policy solutions that offer short-term protection from economic and cultural dislocation, but they do not address the underlying structures (for example, economic change, institutional and policy failures, and corruption) that produce this dislocation. These characteristics are related to how the economy and society in Western societies have changed since the so-called golden age of the 1950s to the 1970s, and to the behavior of mainstream political parties in confronting these changes. Long-term political and economic trends have contributed to a sense among voters that established parties are not equipped to protect “the people”; populists in the West have claimed to come to the people’s defense.

Fears of weakening national identity, loss of cultural heritage, and eroding national sovereignty clearly play a role in the rise of populism. So too does economic anxiety. Worsening economic conditions after the Great Recession were associated with declining trust in traditional political parties and institutions and with increased support for populist parties, leading some observers to conclude that the rise of populism is caused by economic dislocation. However, to understand the current electoral success of populist parties, transatlantic policymakers must go beyond analysis of recent public-opinion data and recognize how longer-term changes in politics and society have contributed. The effects (or non-effects) of the economic crisis and of the surge in immigration on public support for populist parties are impossible to disentangle from the effects of longer-term political, economic, and social trends.

The postwar settlements between capital and labor led most Western countries into a period of consensus on Keynesian or statist economic policies that promoted growth and employment and kept social inequality within manageable bounds. The oil shocks of the 1970s and the intensification of international trade competition led to economic stagnation. In some countries, compensatory social policies, coordinated wage setting, and tripartite social pacts buffered the effects of these macro-level changes. This resulted in cross-national (and even within-country) differences in the degree to which working- and middle-class voters were exposed to the economic changes induced by globalization of production and finance, the shift to a service-based economy, and the construction of a single European market.

Nevertheless, the overall trend beginning in the 1990s has been toward fewer protections for citizens from market forces than Western countries provided in the 1960s and 1970s. Aggregate per capita social expenditure has declined little since 1990, reflecting the fact that wholesale and immediate retrenchment of the costliest social transfers (old-age pensions) and services (health care and education) has been rare. But throughout much of the West, the welfare state has become more conditional and less generous for working-age people. Labor markets have been deregulated, increasing the share of workers on insecure or substandard contracts, and wage bargaining has been effectively decentralized, resulting in downward...
pressure on wages in less profitable sectors. State aid to workers, firms, and industries undergoing economic restructuring has been tightened, and public-sector employment has declined. All these economic changes, which predated the global financial crisis, the Eurozone crisis, and the austerity that followed, have left the bulk of Western Europe’s working and middle classes more exposed to market forces than they were during the region’s so-called golden age.

At the same time, mainstream center-left and center-right parties have, starting in the 1980s and intensifying in the 1990s, converged on a policy agenda that supports the relatively free movement of goods, capital, and people. While free movement and liberalized markets may or may not have economic and political benefits in the aggregate, they have objectively resulted in the rollback of economic security described above and in striking increases in socioeconomic inequality. They have also contributed to substantial migratory flows from the eastern part of Europe to some countries in the west (the United Kingdom, Ireland, Italy, and former West Germany), at the same time as broader global developments have led to increasing migration from outside of Europe and North America. The convergence of mainstream center-left and center-right parties on the liberalizing policy agenda in the 1990s, as well as on shorter-term belt-tightening after the global financial and eurozone crises, has created political openings on both the left and right for alternative forms of political mobilization.

With the convergence by the 1990s of mainstream parties on similar liberalizing economic and social policies, however, the major parties in government have produced less distinct macroeconomic policy outcomes, and perhaps even more importantly, less clear representation of interests than was the case in earlier decades. Center-left and center-right parties have staked out minor differences on key policy issues ranging from the relative priority to be placed on employment versus inflation to the proper degree of regulation of international financial or migratory flows; but from the point of view of both major political tendencies, “there is no alternative” to neoliberalism (to borrow Margaret Thatcher’s famous phrase). To be sure, the space for policy alternatives is also constrained by exogenous forces, including increased capital mobility and the delegation of significant macroeconomic and policy responsibilities to the E.U. level. The fact that party convergence was a choice made under some constraints does not alter the outcomes of that choice, however. For policymakers to understand the rise of populism, they must appreciate that many voters now perceive that their own or their nation’s prosperity is harmed by neoliberal policies. It is no surprise these voters have thus abandoned the mainstream parties that espouse these policies.

In the West today, then, populist parties are mobilizing discontent against the consequences of the mainstream parties’ convergence on neoliberalism in the late twentieth and early twenty-first centuries. Neoliberalism implies a turn away from using the power and resources of the state to protect working-class and (many) middle-class voters. When center-left parties made this turn beginning in the 1990s, it was natural for them to de-emphasize class rhetoric. This left their voters available for recruitment by other parties on the basis of other identities and preferences—such as nationalism, regional identity, and ethnic identity—that are compatible with populism.

I argue in my forthcoming book that a second important consequence of the center-left’s neoliberal turn in the 1990s was its adoption of a new vocabulary for discussing the problem of socioeconomic inequality. In place of redistribution or collective control over aspects of economic life, center-left parties in the 1990s shifted to forms of egalitarian discourse that were better suited for a neoliberal age: social investment, activation, and even health inequalities. This change in vocabulary resulted in shifting the range of politically viable policy responses away from tax, transfer, and regulatory policies that we know can work to control socioeconomic inequality in the short term and toward more complex policy instruments that require cross-departmental and multilevel coordination and that generate positive results only after long lags, if they generate them at all.

Heading off the rise of populism will require politicians on the center-left and center-right in the United States and Europe to find ways to create more equitable societies. To avoid discussing redistributive and regulatory policies that would invite the wrath of powerful market actors, politicians may well be tempted to adopt technocratic appeals that in the end increase the difficulty of policymaking. But, decades of data from public-opinion surveys show that large majorities of voters across Western countries support greater equality. Moreover, politicians still have access to many of the relatively straightforward policy tools like taxation, redistribution, and labor-market regulation that helped to create the postwar consensus on democratic capitalism, and that can be used to rebuild it even now.
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What are American and European Officials Doing to Protect and Promote Embedded Liberalism?

By Edward D. Mansfield and Nita Rudra

In 1944, delegates from 44 countries convened at Bretton Woods, New Hampshire, to establish a framework for rebuilding the global economy. The Western powers pledged to forge an open multilateral economic system, the lack of which had deepened the Great Depression and contributed to World War II. They also agreed that it was appropriate for governments to intervene domestically to manage the effects of openness and to protect those segments of society harmed because of it. Foundational to this combination of policies was that a strong social safety net would prevent a globalization backlash and help maintain support for the liberal international economic order. The political scientist John Ruggie has referred to this blend of liberal economic internationalism and domestic intervention as the compromise of embedded liberalism.1

Embedded liberalism has guided the Western powers and parts of the developing world for much of the post–World War II era. Yet, in recent years, it has come under increasing strain, precipitating heightened attacks on globalization and international trade. From the political gains made by populists and nationalists throughout the world, to Brexit, to the Bernie Sanders campaign and Donald Trump’s victory in the 2016 U.S. presidential election, efforts to roll back the liberal international order that has underpinned the global economy during the post–World War II era have been growing. The backlash has not been confined to rich countries; developing countries as diverse as India, Philippines, Brazil, Malaysia, and Peru are also witnessing popular challenges to the liberal international economic order.

What has become of embedded liberalism and what are American and European officials doing to protect and promote it? One prominent argument is that the current wave of economic populism and nationalism can be traced to the disembedding of liberalism—including the rise of neoliberal policies, reduced government intervention in the economy, and a shrinking social safety net—which has occurred over the past four decades. Such disembedding has left individuals who are adversely affected by openness without adequate compensation, thereby contributing to their hostility toward globalization and the election of politicians who share their antipathy.

This argument, however, is incomplete because it fails to address radical changes to the global economy that have transpired since the 1970s. These changes have contributed to governments’ inability to sustain the compromise of embedded liberalism and prevent a globalization backlash.

First, domestic interventionism has become more challenging in a global economy driven by rapid advances in information and communications technology. Alongside the rollback of capital controls—which had been enshrined in the Bretton Woods system—advances in both trade and digital technology have led to an unprecedented degree of policy interdependence throughout the world. Lead firms wield enormous clout because the majority of trade now takes place in value chains linked to multinational corporations. Government efforts to cushion society from the adverse effects of globalization require a certain amount of cooperation and coordination with multinational corporations, which is a far more complicated endeavor than it was in the first few decades after the Bretton Woods conference.
Second, wider swaths of society have turned against multilateral openness in recent decades. Indeed, a global class of “losers” has emerged as a result of liberal trade and finance. Since the compromise of embedded liberalism was forged in the wake of World War II, technological change has placed a growing premium on high-skilled labor and has depressed demand for— and the returns to— low-skilled labor. Furthermore, the most productive firms tend to both require high-skilled labor and dominate export markets. As a result, low-skilled workers throughout the globe have failed to reap many of the gains from open foreign exchange. These workers, who make up a sizable portion of the workforce in both rich and poor countries, are growing disillusioned with the multilateral economic order and have been at the core of many anti-globalization protests.

Third, existing research has focused on the need to institutionalize social safety nets to protect individuals harmed by international openness. But scholars have not addressed why social stability and support for openness has thrived in smaller welfare states and the reasons such stability and support may now be waning. For decades, low-skilled individuals in these societies anticipated that their economic condition would improve. The contemporary global economy, however, has been marked by a rise in economic anxiety—in smaller and larger welfare states alike—and a mounting sense on the part of many workers that upward mobility may be unattainable. Government efforts to relieve economic anxiety may prove crucial to reviving public support for openness and the multilateral economic system.

Finally, more attention needs to be focused on the conditions under which policymakers, particularly in the United States, could re-establish leadership of the international economic order and help resolve some of the problems created by disembeddedness. Ruggie argued that the political economy in the post–World War II era represented a particular fusion of “power and social purpose.” Yet subsequent research has emphasized the relationship between foreign economic openness and social-welfare policies, government spending, and the like. Virtually no studies have accounted for the role of power relations.

It is during the period of waning U.S. leadership over the past decade or so that disembedded liberalism has had especially pernicious consequences. The United States has retrenched and become more isolationist in a world of increasing policy interdependence. U.S. leadership helped to stabilize the global economy throughout the 1980s, the 1990s, and the 2000s, but lately it seems to have abandoned that role. During the first decade of the twenty-first century, the United States engaged in costly wars in Iraq and Afghanistan, and experienced the worst economic crisis since the Great Depression, contributing to hegemonic decline. At the same time, China and (to a lesser degree) the European Union are rising powers, precipitating what could soon become a multipolar economic system.

Nonetheless, renewed American, and even European, leadership in the world economy—for example, through the World Trade Organization or large preferential trade agreements—might help mitigate the widespread backlash to trade and other aspects of globalization. To better understand challenges to the liberal international order, further research is needed on how and why social purpose has changed over time, how power relations condition social purpose, and the consequences of these changes on the global economy.

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2 Ibid.
Do Small States Matter in Transatlantic Relations?

By Brendan O’Leary

Before 2016, it was completely unthinkable that an American president, on a state visit to London, would actively encourage the secession of the United Kingdom from the European Union, let alone actively support a particular candidate to lead the former great power’s governing party that is choosing the person who will be the next prime minister.1

By contrast, a U.S. president declaring that he loves Ireland is par for the golf-players (and golf-course owners) in international diplomacy.2 But that cannot be said of the spectacular border-bomb dropped by Donald Trump as he sat beside Ireland’s prime minister at a press conference at Shannon airport:

TRUMP: Probably, you'll ask me about Brexit because I just left some very good people that are very much involved with Brexit, as you know. And I think that'll all work out. It will all work out very well. And also, for you [Irish people], with your wall, your border. I mean, we have a border situation in the United States, and you have one over here...

VARADKAR: The main thing we want to avoid, of course, is a border or a wall between both sides. [Emphases added.]3

The temptation is to read these episodes—breaches of protocol in the United Kingdom followed by displays of ignorance in Ireland—as characteristic of an ill-read man constantly telling us that he is smart while proving the opposite.

The more appropriate conclusion is that the Trump administration—and many within the Republican Party—have become overt strategic adversaries of the European Union as established in 1992, NATO as established in 1949, and the transatlantic democracies as understood since 1945.

Strong patterns support this inference vis-à-vis the European Union. Trump and his associates have endorsed right-wing populists throughout Europe: Victor Orbán in Budapest, Marine Le Pen in Paris, and Nigel Farage in the south of England. They share an unscrupulous willingness to exploit fears about immigration and an overt willingness to attack, diminish, or destroy the European Union. Last year, Trump described the European Union as a foe, ahead of Russia and China in his consciousness.4 The word “foe” was prompted by a CBS News interviewer, and Trump qualified his answer by referencing his love for Scotland and Germany because both his parents were born in “E.U. sectors” (his words, though his father was born in the United States). Yet the response remains telling.

Regarding NATO, it may seem plausible to decode Trump as a typical recent U.S. president, happy to complain of free-riding by America’s European allies, while actually preferring U.S. full-spectrum military dominance in and through the alliance. But, the Mueller Report confirms that members of Trump’s election campaign flirted with President Vladimir Putin’s Russia, and it details the ties of Trump former campaign manager Paul Manafort to Ukraine and Russia.5 Notoriously, last summer, Trump was obsequious to the former KGB intelligence officer in Helsinki on matters affecting NATO strategic interests.

Finally, in the transatlantic community, Ireland and the United Kingdom have been democracies in recent good standing. Their peoples have disproportionately stocked North America. After the Cold War, President Bill Clinton sensibly employed U.S. diplomacy with subtle impress to mediate between historic adversaries. The Good Friday Agreement was the result.6 Last year, in the draft withdrawal agreement of March 2018, the E.U.-27 and the exiting U.K. government agreed that the painfully accomplished and partially implemented Good Friday Agreement should be protected into the future “in all its parts.”7 These obligations include the equivalent protection of human and minority rights across the island of Ireland, North–South cross-border economic cooperation, and the avoidance of fresh physical infrastructure to (re-) demarcate a hard border. If fulfilled, that pledge may block the entire United Kingdom’s full secession from the European Union.
For President Trump to be blasé about the construction of a new border wall across Ireland—or actively to favor it, by analogy with his proposed wall with Mexico—has to be read as apiece with his preference for closed borders, divisions among his European foe-competitors, and his contempt for established democratic alliances. At least he has not, so far, argued that Ireland should pay for such a wall!

The point is not that the European Union, Ireland, or the Good Friday Agreement are faultless. Rather, the European Union’s internally open borders, dual-citizenship regimes, inter-governmental cooperation, respect for treaties and the rule of law, and its soft-power promotion of democracy, minority rights, and human rights—both in its neighborhood, and globally—express the opposites of Trump’s worldview. European policymakers therefore need to ensure against a second Trump administration and strengthen their institutions and polices without the long-term assumption that any and all U.S. administrations will be their benign friend. Self-help is required, in defense and security, as well as solidarity in trade and welfare.

Among the applicants for the job of U.K. prime minister, only the fools, encouraged by Trump, appear to believe that negotiating a U.S.–U.K. free-trade agreement will be easy, if—and, after all, we still have to say “if”—the United Kingdom leaves the European Union. It is true, of course, that the Trump administration would find it easy to be a tough negotiator with a desperate United Kingdom, but the U.S. Congress, with its constitutional prerogatives, will be a strong barrier to an easy deal.

Organized Irish America, supported by Speaker of the House of Representatives Nancy Pelosi, has made that very plain. Significant numbers in the House of Representatives and the Senate have declared that they will not allow any new U.S.–U.K. trade agreement to come at the expense of the Good Friday Agreement.

Little Ireland, North and South, backed by the European Union not only stands in the path of English Conservatives intent on a disorderly withdrawal from their country’s treaty obligations, but also, amid the transatlantic community, its diaspora now blocks the kind of Anglo–Saxon racist alliance favored early in the last century. Sometimes small states need not suffer what they must.

ENDNOTES


3 Ibid.


What Can Countries Like Belarus and Moldova Teach the Transatlantic Community About the Future of Western Politics?

By Mitchell Orenstein

In March 2016, Belarus’s dictator, President Aleksandr Lukashenko, addressed the geopolitical forces dividing his country. “If the partners which we’re in dialogue with try to insist that we have to choose between Russia, Poland, or the E.U., we don’t want to be put in this position,” he said. At that moment, Belarus, closely aligned with Moscow, was in talks with the Washington, D.C.–based International Monetary Fund for a $3 billion loan to bolster its currency reserves in exchange for implementing a raft of liberal economic reforms.

Lukashenko, frequently demonized in the West, has become a virtuoso at managing his country’s reliance on Moscow while tacking to the West when needed. Belarus defers to Russia when necessary. For instance, Lukashenko chose not to sign a deep and comprehensive free-trade agreement with the European Union when it became clear that this would incur sanctions from Russia. However, when Russia tries to force Lukashenko to take actions that would compromise Belarusian sovereignty or independence, for instance to sell a strategic enterprise to a Russian oligarch or to host a permanent Russian military base, he turns toward Brussels and Washington. Lukashenko will make an agreement with Western institutions that angers Moscow, demonstrates his independence, and puts money in the state coffers. In the words of one analyst, “Rejection, resistance, oscillation, and ‘non-commitment’ have defined Lukashenko’s regime.”

Lukashenko embodies the political paradoxes that haunt the lands in between Russia and the West. In public discourse, some people refer to this as a “civilizational choice” between East and West: a battle between a world of Orthodox, post-Soviet fellowship and an E.U.-aligned future of liberal democracy. People and political parties are sharply divided into pro-European and pro-Russian camps.

Yet the paradox is this. While each nation’s political parties and public media fight a pitched battle for the hearts and minds of their populations, seeking to drag their country to the East or West, things look different at the pinnacle of power. There, many key power brokers share one important characteristic: an ability to profit from both sides—and from the conflict that divides them. This presents a challenge to the future of transatlantic relations, and American and E.U. policymakers must appreciate this new reality and take steps domestically and internationally that reflect it.

In some cases, these power brokers are presidents, who may align primarily with Russia or the West, but are careful to hedge bets and maintain room to maneuver. In other cases, these power brokers are not presidents but oligarchs, leading business people with substantial political influence. Ukrainian oligarchs have proved enormously flexible, enriching themselves under the pro-Russian Viktor Yanukovych regime before switching their support to the pro-Western Petro Poroshenko regime. Oligarch Victor Pinchuk is famous for having opposed NATO membership for Ukraine before supporting it when a new regime came to power in Kiev. Moldova’s Vlad Plahotniuc maneuvered himself into the leadership of his country’s governing pro-E.U. alliance while profiting from rebroadcasting the main Russian TV stations and their political propaganda. The paradoxes are endless and hard to comprehend.

Yet there is a simple explanation. In countries where mass politics is polarized between pro-Western or pro-Russian positions, the greatest power and wealth flows not to ideological partisans, whose gains are often partial and transient, but to the power brokers who position themselves to profit from the enormous passions and insecurities of both sides.
This dynamic is most visible in the vulnerable states caught up in the struggle between West and East. However, the same type of politics is becoming increasingly important in the West as well. As Russia wages a hybrid war against Western adversaries—destabilization campaigns marked by computer hacking, media manipulation, covert funding for extremist political parties, and the weaponization of business entanglements—Western politics have become more vulnerable, and the lessons of the lands in between more relevant.

Russian intervention has become a key issue in democratic elections in the West. A discourse about "civilizational choice" is growing in the West. In 2018, French President Emmanuel Macron spoke of a "European civil war" between forces of liberal democracy and authoritarian nationalism. Echoing these sentiments, then–U.S. National Security Advisor H.R. McMaster warned about Russia in 2018 when he said that the West is "engaged in a fundamental contest between our free and open societies and closed and repressive systems," and that "revisionist and repressive powers are attempting to undermine our values, our institutions, and our way of life."³

What are these statements if not an articulation of a civilizational choice facing Western democracies? Indeed, Western politics in each election seems to be posed with a choice between authoritarianism and democracy, between free markets and crony capitalism, between the quest for truth and reliance on propaganda.

Meanwhile, Russia’s attempts to gain leverage over foreign leaders have become more ambitious. A key example is U.S. President Donald Trump, whose properties relied heavily on Russian money and whose campaign benefited from Russian support, including a massive and influential social-media operation and hacking of his opponents’ internal communications. In exchange, Trump campaigned for an end to sanctions, tried to get Russia reinstated to the G-7, and sought to develop business opportunities in Moscow. These efforts should be seen as an attempt to cooperate with Russia for mutual economic benefit, with corrupt rents accruing to the ruling family—a familiar pattern that Russia cultivated, for instance, with Silvio Berlusconi of Italy.

As former Austrian Vice Chancellor Heinz-Christian Strache showed, even in Western countries, politicians are willing to play both sides of the emerging divide between Russia and the West for personal gain, complicating transatlantic relations. The politics of the lands in between are increasingly our own, a new reality that will challenge statesmen and women in the United States and Europe to develop foreign policies that serve the interests of their states—and the transatlantic community.

ENDNOTES

¹ This essay is adapted from The Lands in Between: Russia vs. the West and the New Politics of Hybrid War, which was released in May 2019 by Oxford University Press.

