

## Entering the Trans –Transatlantic Era

***A defaulting hegemon, a passive Europe, a rising China and an obnoxious Russia in the crisis ridden transition to a more dangerous, multipolar world***

The main question is not about the personality of President Trump. We know all about him there is to know. Americans voted for him not in spite of what he is; but because of what he is. Twenty years ago, such a candidate would not have been elected president. What has happened? What made Trump and his policies possible; and what do the mechanics of his rise imply for the future?

Should Trump lose the November elections, would we be able to simply return to international cooperation, as it had prevailed over much of the past seventy years? And if such a simple return to the *status quo ante* is unlikely, what could be salvaged from endangered multilateral global governance and from the damaged transatlantic partnership?

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### **A) WHAT HAD CAUSED THE “BENIGN HEGEMON” TO LOSE ITS GRIP?**

The COVID 19 pandemic had showcased not just the deficiencies of the US president. It has highlighted the dysfunctionality of internal US politics. It made evident the extent to which the US had abdicated international leadership. Underlying these failures is the convergence of four developments - all long in the making.

- 1) A hardening sense of US uniqueness and of being apart that feeds unilateralism and impedes true international partnership.

- 2) The erosion of coherence in US society
- 3) The failure of US politics to provide effective governance
- 4) The US not being able to adjust to rapid changes of the global system.

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## **A hardening sense of US uniqueness that feeds unilateralism and impedes true international partnership.**

In the 17<sup>th</sup> century already, John Winthrop, the first governor of the Bay Colony in today Massachusetts, had assigned to the new community a role aloof from others. It would be destined to become the new Jerusalem - the "*shining city upon a hill*". In recurring phases of its history, this sense of uniqueness, this sense of not being like others, had prompted the US to distance itself from other nations. It is in that vein that the first US president George Washington warned in his farewell speech against the US becoming "**entangled**" in foreign alliances. Such solipsism continued as a permanent undertow in all later US relations with the world. After World War One, for example, that widely shared sentiment had prompted, US Senator Cabot Lodge to successfully lobby against the US joining the League of Nations, although the League had been called into existence by US president Woodrow Wilson<sup>1</sup> to "*make the world safe for democracy*" and to prevent all future wars.

This sense of uniqueness may also work in the opposite direction of a *missionary zeal* to transform the world in the image of the US<sup>2</sup>. It has misled

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<sup>1</sup> One also could mention the book by *Philip Roth: The Plot against America*". It portrays a fictional but not unlikely USA of the year 1938, with an antisemitic, isolationist US president Lindbergh trying to keep the US from entering World War Two

<sup>2</sup> "The world is a mess and we are the only ones who can straighten it out" Thus the former US National security Advisor Brent Scowcroft to John Bolton who held his position many years later ( in John Bolton, *The Room Where it Happened*" p 37, 2020, New York, Simon and Schuster, )

the US to assume that countries like Afghanistan or Iraq could be changed into well functioning democracies once obstinate, unenlightened rulers had been shoved aside<sup>3</sup>.

The intellectual underpinning for this missionary endeavor had been provided by the **Neo – Conservatives ( “Neo – Cons” )** with their vision of the Twenty-First Century being a repeat of the last one; and thus again “*American Century*”. By now though, the failure of the US involvement in Afghanistan, Iraq and Syria has made painfully clear that the neo – conservative project had failed. In senseless wars, trillions had been spent and thousands had perished in vain. A reaction against this failure was bound to follow. Disillusioned over the costs of such “entanglements”, the US now seems on the way towards a **new phase of isolationisms**. Trump is jumping on the bandwagon. He finds it politically convenient to rapidly withdraw US soldiers from Afghanistan and to thus surrender to the Taliban. He also works for a rapid withdrawal of troops from Syria and Iraq; and he even hints at a military withdrawal from NATO – partner Germany. The same sentiment prompts his cutting economic ties, curtailing foreign trade, restricting immigration and development aid, and complicating cultural exchange. All this implies a desire to retreat into the *fortress America* with the US becoming comfortably isolated on its island – continent. Evidently, this desire is being shared by a sufficiently large part of US citizens.

A sense of uniqueness also militates against accepting the constraints of true partnership. Even when motivated by the sincere wish to be helpful, the US has found it difficult to treat others as more than mere beneficiaries of

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<sup>3</sup> The mission of a world-wide promotion of democracy had been assigned priority in the speech of President George. W. Bush, delivered on the steps of the Capitol on occasion of the inauguration of his second term of office.

American largesse. US political leaders do not easily accept being bound by the wishes and interests of other states, even if these other states are close to them<sup>4</sup>.

Over time this **notion of being unique** had escalated into a sense of entitlement; of not being bound by rules others were meant to obey. One of the results are unilateral sanctions that run counter to international law, but that nonetheless bind foreign nations and corporations. The constraining power of these unilateral sanctions is due to the dominating US position in the global financial system<sup>5</sup>. Any nation or corporation violating these unilateral sanctions would risk being excluded from the global financial and payment system. As the unilateral US sanctions against Iran have shown, this is a prospect no major international corporation is willing to face.

The US Senate, that is the upper house of the US parliament (=“Congress” ), has to ratify international treaties. But the arrogation of uniqueness and entitlement has allowed the Senate to abstain from ratifying some of the most relevant ones. The Senate fails to ratify even such accords that clearly favor the US - as does for example the *Law of the Sea Treaty*. Most of such treaties are observed in practice, even though they have not been ratified by the Senate. But the failure of ratification nonetheless signals that the US is distancing itself from acknowledged rules of international behavior.

Another trend has also been long in the making, namely the trend of a **growing militarization** of US foreign policy. Increasingly, the military had not been

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<sup>4</sup> As president George W. Bush remarked to one of his interlocutors: “you know Mr Chancellor, we Americans do not like to have our hands tied “

<sup>5</sup> These unilateral sanctions carry considerable costs for the US; not at present; but in the long run. Dollar transactions are under the control of the US. They thus are subject to these sanctions: States and corporations will ultimately tend to use other leading currencies for their international deals, thereby reducing the US “exorbitant” advantage of being able to print money ( “seigneurage” )

used as a tool of last resort, but as the main instrument of foreign and security policy<sup>6</sup>. Such militarization is founded in the notion of the US being permanently threatened from the outside. Ultimately, the sense of being **besieged by hostile forces** must infect all politics – be they internal or external. Imagine the impact of the simple fact of the US president starting each of his work days by being briefed about such threats by his National Security Advisor.

To sum up: the sense of uniqueness and the yearning for isolation do not facilitate international political intercourse. They isolate. They hinder true discourse. They tempt the US into dictating instead of negotiating. They impede learning from others. They make for an illusionary sense of superiority and supreme power. They fuel arrogant nationalism as it finds expression in the slogans of “the *lone surviving super power*”; or the “*greatest nation on earth*”; or the *MAGA logo* imprinted unto the red baseball-caps of those flocking to the revivalist meetings of President Trump.

The US sense of uniqueness and the idea of holding supreme influence have become more pronounced over the last decades - that is at times the relative US power had already started to decline. This weakening of the US position should not have favored unilateralism, but, on the contrary, the cultivation of cooperation with other nations, even if that came with the associated cost of sacrificing some short term US interests.

Avoiding “entanglements” is no sound advice. Global influence and the capacity to shape the international order requires such closely knit “entanglement”. The leading US position in the second part of the last century was not based on its staying aloof, but on its engaging with others; by being at

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<sup>6</sup>The internal institutional set – up has facilitated this militarization; with the creation and ever greater role of the office of the **National Security Advisor** which tends to check the influence of diplomats in the State – Department by linking them – and frequently subjecting them - to the military .

the core of a dense web of relations that tied it to other nations on many levels and on many issues.

Finally, the US cannot claim global leadership and a top position in the international pecking order if its social, economic and political setup is less than exemplary; if in the perception of others it would no longer be the “*the shining city upon a hill*”. The US could justly claim that role in the years after World War Two. Then, the world had admired and had sought to emulate the social, cultural and economic model of the US. By now, other nations have no longer reason to do so. The US model has become tarnished<sup>7</sup>.

### **The erosion of coherence in US society**

By now, the US *inequality* of wealth and income has come close to the notoriously high inequality in Latin America. The tiny wealthiest one percent of the US population earns 21% of the total US income; the poorer 50% of the US population just 12%.<sup>8</sup> In real terms, the US minimum wage has not risen in the last 50 years. In real terms it is at the level it had been in the 1970ies. *Basic services*, like health services, maternal leave, paid vacations; affordable housing are no longer accessible to all. They are not accessible even to a good part of the middle class. The *sky – high rate of incarceration* signals social decay: one percent of the US male population is, or has been jailed. An *undercurrent of violence* finds expression not just in high criminality, but in death penalty, police brutality; in private security personnel outnumbering the

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<sup>7</sup> In addition and lately, the US image had been damaged severely by its mishandling of the COVID -19 pandemic

<sup>8</sup> The notorious upper one percent thus cashes an income nearly twice as high as the part of income earned by the vast poorer 50 percent of the US population (!!!); Page 526, Thomas Piketty, “Capital and Ideology”, 2020 Cambridge Mass.

public police; and last not least in popular culture with its action movies and brutal video games. *Addiction to heavy drugs* causes 70,000 persons to die of overdosing each year. *Life expectancy* for white males is in decline – something that is unique in the developed parts of the world. In metropolitan areas, *homelessness* is surging, as many citizens can no longer afford to carry the high costs of housing.

All that was bound to affect the national mood. Once, at the times of the US presidents Eisenhower or Kennedy, this mood it had been self – confident and optimistic. That facilitated solidarity and magnanimity both in internal and external politics. In recent decades and with growing social problems, the mood has changed into **resentful pessimism**. Both the internal and the external realm are seen as populated by enemies. intent on diminishing one’s security and status. In internal politics, this sentiment fuels aggression towards minorities and other marginal groups<sup>9</sup>. In external politics it makes for the loss of trust in international partners and motivates the search for ever new enemies to be fought and eliminated. Once, the US had seen itself as the resolute captain steering humanity through troubled waters into a brighter future. Now a good parts of its population and many of its leaders hunker in resentful self- isolation, immobilized by fear and forebodings about the future of their society.

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<sup>9</sup> A fitting list of such political use of hate and prejudice for political purpose is provided on the opinion page of the Jun 28<sup>th</sup> edition of the New York Times: “*With Nixon, it was the Southern Strategy, raising alarms about the dismantling of Jim Crow law. With Reagan, it was launching his 1980 campaign on fairgrounds near where the Klan murdered three civil rights activists. With Bush senior, it was Willie Horton coming to stab you and rape your girlfriend. With W. and Cheney, it was Qaeda terrorists coming back to kill us. With Donald Trump, it was Mexican rapists and the Obama birther lie*”.

Social problems and the lacking will and/ or capacity to deal with them destroy the cohesion of society<sup>10</sup>. According to the early observer of the new American republic, **Alexis de Tocqueville**, the centrifugal forces in the young US immigrant society had at that time been contained by the countervailing forces of citizens spontaneously *“coming together for common purpose”*. In today’s terms we would call that: *“citizens united and held together by the bonds of “civil society”*.

By now though, the bonds described by Tocqueville seem to become torn. The ceaseless propagation of individualism through popular culture<sup>11</sup>, politics and consumerisms has devalued the sense for the common. CEOs of larger corporations feel no longer guilty about incomes 500 times higher than that of their workers. Neglect of the poor and destitute does not cause remorse. It even may enhance political support for extreme conservatives who despise those left- behind and blame them for being themselves responsible for their ill fate.

(We should note, at this instance already that the dissolution of communality, while most advanced in the US, seems to occur in most wealthy democracies We shall return to that issue later, when discussing the prospects of democratic governance and its impact on world order)

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<sup>10</sup> Don’t take lightly some pointers towards the extreme consequences of anarchic individualism as – for example - in their challenge to the state monopoly of legitimate, armed violence. The *“right to bear arms”* enshrined in the second amendment of the US constitution, is being given ever wider interpretation. The brazen display of heavy arms such as assault rifles and rocket launchers is meant as a sign of the bearer of such arms being ready to defend on his own his personal security, with the public police perceived not as the main protector; but as competitor or even enemy. *“Boogaloo bois”* carry their arms with the intent of showing resolve to dismember the existing state and to supplant it by one exclusively reserved for the white race. Ominously, President Trump had repeatedly appealed to the support of weapons – fetishists; of those he calls *“the second amendment people”*.

<sup>11</sup> See for example the widely popular book *“The Fountainhead”*, by Ayn Rand, propagating the view that the ideal, the heroic person would cut all dependence on others, following just his personal aims and instincts. .



The waning of communality translates into skepticism and even **hostility towards the state**. Generally, the reach of the state has grown as the closer interconnectedness in societies had multiplied the number of tasks that can be accomplished by tools available to states only. While in Europe that is mostly accepted as a matter of fact, the growing reach of the state has triggered massive resentment in wide sections of US society. There, the state is pictured as a *“beast to be starved”*, depriving citizens of the well earned awards of their labor. Washington is routinely called *“a swamp”*. Civil servants are being referred to as parasites. Lowering taxes has become the number one political priority<sup>12</sup>.

The “starving of the state” has come at great costs. It has severely cut the capacity for collective action. Essential public institutions are under – funded. Infrastructure is crumbling.

**The failure of US politics to provide effective governance** is both cause and result of the decay of social order.

Politics of identity shift the focus from *“what shall be done”* to *“who am I and who is different from me and thus my enemy”*. One can discuss and compromise over “what should be done”. One cannot compromise over one’s identity. Politics of identity therefore result in stifling *political polarization*. The middle ground is lost. Political competitors turn into political enemies. **Social media** create a sheltered, exclusive space for each of the mutually hostile

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<sup>12</sup> Grover Norquist, founder of the pressure / lobby group “Americans for Tax Reform” has successfully obliged nearly all Republican legislators to take an OATH (!) binding them to never support a rise in taxes

groups. These groups no longer meet on a common forum. Information is no longer shared in the same way by all citizens.<sup>13</sup>

*Mass political parties* are the pillars of democratic political systems. They offer voters choice between distinct, comprehensive political programs. They provide the necessary bridge between voters and those in charge of actually administering the country. These mass parties now fight to maintain their former functions. In the United States the erosion of these their functions had progressed most widely. As institutions, **the two US mass parties** – the Republicans and the Democrats - have in fact **lost control over politics**. They have degenerated into loose groups of independent political entrepreneurs.

Each of these independent entrepreneurs has to devote the better part of time in office in search for the financing of his or her re – election. This has provided outside leverage for those **providing finance**. They, in turn, expect their interests being represented by the beneficiaries of their generosity. That way US politics have become deeply corrupted<sup>14</sup>. Multibillionaires like the *Koch Brothers* had enough financial leverage to transform politics and political institutions all over the USA<sup>15</sup>, massively shifting political advantage to ultra – conservative Republicans.

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<sup>13</sup> An instance that made the gulf obvious that separates parts of the population from another, so as if they would inhabit different planets: In 2016 with the campaign for the presidential elections in full swing, the feminist “ME – TOO” movement had become superbly powerful and effective. Some men at the pinnacle of the social and economic pecking order were found guilty and had to yield their position for having victimized women. Late that year and not far from the day of elections, evidence surfaced that candidate Donald Trump had himself seriously molested women. He even bragged about it with the claim that “ he as a star was entitled to grab women at their pussy”. He was not sanctioned for it politically. Quite to the contrary. More than fifty percent of white women supported him with their vote. Indeed - two worlds that do not touch; that seem separated by an insurmountable wall. On one side those white women who voted for Trump; and on the other side the women of “ ME TOO”.

<sup>14</sup> Money has corrupted US politics so deeply, that it has become quite common to refer to the US political system as a “plutocratic” one; as a system ruled by the wealthy.

<sup>15</sup> The affected not just federal politics and political institutions, but massively so also politics and political institutions in all of the 50 states of the US ( for example by supporting a “ gerrymandering” that changed the borders of electoral districts so as to cement a permanent advantage of conservative Republicans )

Those who drafted the US constitution<sup>16</sup> at the end of the eighteenth century took special care to thereby establish a system of checks and balances. The three parts of government- the judiciary, the legislature and the executive- were meant to balance and to check another, so as to establish effective control and to prevent excesses of power. Such arrangements are now part of constitutions of all democracies. Yet in all these democracies the executive branch of government has become dominant nonetheless. In the US this dominance of the executive has been heightened by its “presidential” system. Unlike in parliamentary systems, the US president is not chosen by parliament, but directly by citizens. In other respects though the role of the US legislative bodies had a been a rather potent one. In the past, it could claim greater power than parliaments in Europe. This has changed. President Trump no longer has to depend on members of the House of Representatives or on members of the Senate. **They have come to depend on him**, as they cannot hope to be re- elected should they have earned the displeasure of President Trump.

The third branch of government – the judiciary - has also become politicized and thus has come under the influence of the executive too. Neither has the power of the president been held in check by independent, self assured, *civil – servants* in the public administration. They have been sidelined by political appointees. *Media*, the “fourth estate”, also have not been able to force the executive into changing course. At present, the US system of check and balances has largely broken down, permitting President Trump to increasingly rule in autocratic style.

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<sup>16</sup> The constitution of the United States is the world’s first written one, if one is to exempt the constitutions of later US member states such as Virginia or Pennsylvania .

**Tight global interconnectedness has blurred the borders between internal and external politics.** Is the imposition of sanctions on the US subsidiary of a European corporation an act of internal, or an act of external politics? Or is the restriction of immigration from certain countries an act of foreign policy; or an act of internal policy? Obviously, such neat distinctions between the internal and the external are no longer feasible. Many issues are in the realm of both political spheres.

If internal and external policies conflict, the traditional counsel had been to grant priority to external politics<sup>17</sup>. By now, that order has been reversed, with internal politics frequently shaping foreign and security policy.

That holds true, in particular, for the US<sup>18</sup> with negative consequences both for the World and for the US. For many US politicians, the gains scored in internal politics by playing up to the interests, prejudices and emotions of voters obviously count for more than damage caused to external relations by such posturing. By this dominance of internal politics, the troubles of US society and the dysfunctionality of its political system are being fed into a dysfunctional US foreign and security policy; and transferred into the global system.

The same holds true for the US claim to be singular and proudly independent from other states with the license to disregard their advice, interest and opinion<sup>19</sup>.

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<sup>17</sup> Famously, this has been the position of the German historian and statesman *Leopold von Ranke*. He counseled that primacy be accorded to foreign and security policy ( "*Das Primat der Aussenpolitik*" ).

<sup>18</sup> The extreme example: President Trump calling the Chinese leader Xi Jinping, promising concession in the realm of security policy in return for the Chinese decision to import more of US agricultural product, something that would help the US president gaining the votes of US farmers in the upcoming presidential elections ( John Bolton; op cit )

<sup>19</sup> When drafting the US Declaration of Independence in 1776, Thomas Jefferson thought it necessary to claim sympathy for the US secession from the United Kingdom by inserting the remark that "**due respect for**

Posturing before his voters with the aim of being perceived as resolute and tough, has prompted President Trump to break a deal negotiated with Iran by his predecessor. The deal would have prevented Iran from further enriching uranium with the aim of developing nuclear weapons. The US used sanctions so as to enforce this new policy. These *unilateral sanctions* imposed by the US oblige companies world- wide to cut their dealings with Iran. Though they had largely been heeded, these sanctions have nonetheless not prompted Iran to desist from re – starting enrichment so as to gain access to weapons – grade uranium. Yet the US sanctions have been effective in damaging relations to other nations and in particular US relations to Europe. They have added fuel to the instability in the Middle – East. In Iran, they have caused policy to return from liberal to aggressively conservative and nationalistic.

## **The US has not been able to adjust to the rapid changes of the global system**

Ten years ago, both Europe and the US produced each about a quarter of global wealth. By mid – century these percentages will have been *cut in half*. By then, **China** will produce twice as much as the US, and twice as much as Europe. In doing so, it will also have mastered most cutting - edge technology. **It will have become the prime economic power.**

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**opinion of mankind demand that ( the US ) set forth the reasons”** for this act. .It is not likely that today a US President would feel compelled to appeal in a similar way to world public opinion.

**Share of states and regions in “world GDP” 2010 – 20150; and average growth rates 2010 / 2050**

	Share 2010	Share 2050	2010(/)2050 average annual growth rates
EU - 27	17,4%	9,5%	1,5
EU plus extended neighborhood	23,8%	13,8%	1,7
France	3,4%	2,0%	1,8
Germany	4,8%	2,1%	0,9
Austria	0,5%	0,3%	1,6
China	16,1%	27,9%	4,5%
India	6,4%	18,4%	5,8
USA	23,0%	15,1%	2,0
Source: WIFO, Wien, March 2014	Since 2014 the figures might have changed somewhat -	with the weight of Europe becoming a bit smaller	The dynamics though will remain the same

International trade has grown faster than global production. That implies that wider parts of a country's economy are involved in foreign trade. The resulting inter – connectedness becomes more stringent due to the fact that half of this trade occurs in *global value chains*, where the industrial export of one country becomes the input into the production in another country.

The realm of what has been called the “**global commons**” has expanded. This is the realm of common usage. It thereby became also the realm of a common responsibility that has to translate into common rules. These need to be observed by all who access global commons. The oceans can serve as an example for such commons. Would all nations fish to the full capacity of their fishing fleets, oceans would soon be emptied of fish. Rules therefore govern

fishing in the oceans, limiting the quantity of fish that can be hauled each season, so as to permit replenishment of the stocks.

A plethora of formal and informal rules and a plethora of global institutions have been established in order to eliminate the risks resulting from close interconnectedness and from misuse of global commons. Rules and institutions served the purpose of stabilizing expectations and the aim of sustaining trust in the continuity of the prevailing order. In this order, the US had the essential function of a “**benign hegemon**”, respecting itself rules it expected others to follow; and effectively persuading other actors that this regime was to their benefit too. Europe partnered with the US in that function – but hardly as an equal leader.

Upon initiative and with the leadership of the United States, the institutional base for that global order had been created in 1944 already with the founding of the *International Monetary Fund – IMF and the World – Bank – IBRD*, both charged with establishing and maintaining a stable, reliable world – economic system. In summer of 1945, that was followed by the signing of the *Charter of the United Nations*. These institutions form the core in a web of other more specialized and more regional organizations- all of them with the mission to further cooperation in specific regions or on specific issues.

With the *Marshall Plan*, with the Organization for European Economic Cooperation - *OEEC* and the “European Payments Union – EPU, the US had also provided the base for the future *economic integration of Europe*<sup>20</sup> and for closer economic transatlantic relations. The military / strategic counterparts to these institutions were US led alliances spanning the globe – from ANZUS in the

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<sup>20</sup> One fact among many the US president is not aware of. At a so called press conference ( better at one of his monologues ) in the Rose Garden of the White House on July 14<sup>th</sup>, he claimed “*that the European Union was formed to take advantage of the United States*”; a testimony not just to his ignorance but also to vindictiveness.

Pacific, over CENTO in the Middle East to NATO that tied the Atlantic nations together.

All that- the institutions and the “benign US hegemony” that backed them - had

- permitted a period of 75 years uninterrupted by new world wars;
- had made for unprecedented material progress with absolute poverty<sup>21</sup> in the world cut in half<sup>22</sup>;
- had made for a rise of the average life expectancy of the world’s population by thirty years;
- and for literacy in the world’s population rising from 35% to 85%<sup>23</sup>.

That occurred in a world as it had existed in the 60 years following World War Two. This era is coming to an end. One of the reasons is the failure of the US to continue in its function as a “benign hegemon” as it came to disregard and undermine rules and institutions it once had established with a view of shaping a world more peaceful and cooperative than the one that had resulted in two murderous World Wars.

The function of a “**benign hegemon**” is contingent on his credibility and trustworthiness. It forfeits his credibility and trustworthiness once he comes to break the rules that support the present order and that he expects others to obey. But this is exactly what happened. This US delinquency has been a gradual one. It certainly culminated with the presidency of Donald Trump. But it had set in earlier.

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<sup>21</sup> Defined as living on less than 1,90 US Dollars per day

<sup>22</sup> In 2020 that progress has been reversed with absolute poverty again on the rise. This is due to the COVID – 19 pandemic

<sup>23</sup> All figures op cit Thomas Piketty, 2020



According to the UN Charta, wars can be waged but if they are defensive ones; or if such wars were authorized by the UN Security Council. In the 1990ies, that had not prevented a US led alliance from unauthorized use of armed force against Serbia ( with the aim of having it recognize the independence of the Kosovo , that once had been an autonomous part of Serbia ). Lacking authorization from the UN Security Council had also not kept the US from starting war in Iraq in 2003<sup>24</sup>.

The **Nuclear Non – Proliferation Treaty** is central in efforts to restrain the further spread of nuclear weapons. The treaty was intended to keep states not in possession of nuclear weapons from acquiring them. In return, states already in possession of nuclear weapons were held to reduce them and to abstain from testing them. The latter obligation was enshrined in the “Comprehensive Nuclear Test Ban Treaty”. It has not been ratified by the Unites States.

All of that happened well before the presidency of Donald Trump

In the early Nineties I had been employed at the “*Organization for European Economic Cooperation and Development* - OECD in an office with the mission to aid the transition of the economies of formerly communist countries into market economies. That implied observation of economic and political developments also in the successor states of Yugoslavia, then involved in mutual hostility and warfare.

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<sup>24</sup> It is true that Russia – another permanent member of the UN Security Council – had also violated the VN Charta It blatantly did so by armed aggression against the Ukraine; and by violently seizing territory from Georgia. But by now, Russia’s role as spoiler and contrarian has become well established. Unlike the US it had not been seen as a pillar of the global political order over the last 20 years

I there became witness to a *colossal failure of US moral and political leadership*:

The then US Vice – President Dick Cheney had clobbered ex - Yugoslav states into accepting the jurisdiction of the “**International Tribunal for Former Yugoslavia**”, which was to prosecute war crimes committed during these hostilities. Eventually all ex – Yugoslav state did indeed sign up.

At the same time, the same US Vice – President waged a campaign against states acceding to the “**International Criminal Court**” . This court had been established with the mandate to prosecute serious human rights violations committed in any part of the world. Cheney evidently feared that US soldiers that had committed war crimes and had violated human rights in places like Afghanistan and Iraq, might become targets of prosecution by this court. Cheney even threatened withholding of US development assistance from countries not heeding his wishes.

Notwithstanding Cheney’s opposition, the International Criminal Court came into existence nonetheless. The US never joined. But it even went further in its opposition to the court. In June of 2020, President Donald Trump signed an “*executive order*”<sup>25</sup> that authorizes the freeze of assets and the imposition of travel bans on officials of the International Criminal Court and on persons helpful to them<sup>26</sup>.

Instead, the US had established its own, national system to unilaterally prosecute human rights violations wherever they have occurred in the wide world. The tool serving this purpose is the “**Magnitsky – Act**”<sup>27</sup>. It authorizes the seizure of assets and travel bans on persons, who – in the eyes of the US administration - had become guilty of violating human rights.

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<sup>25</sup> An executive order permits the US president to by – pass Congress

<sup>26</sup> A reaction, obviously to the risk of legal action brought by this court action being brought against the United States in connection with the protest against police violence that had targeted black US citizens.

<sup>27</sup> It had been signed by President Obama after having been approved by both houses of Congress

While the US had ignored international law at earlier instances, President **Trump** went much farther, by **actively destroying** what once had been built and sustained by the USA, and what had provided the underpinnings of world order:

Prime exhibit is his decision to withdraw from the *World Health Organization* – *WHO* at a time this organization has proven irreplaceable in all efforts to contain the COVID – 19 pandemic. NATO – certainly the steadiest and strongest outside anchor for US military security - has been denigrated as “**obsolete**” by president Trump. The European Union, by far the most important economic partner of the United States, has been called an “**enemy**”.

The *World Trade Organization* *WTO* provides the institutional back – up to a multilateral system of largely free international trade. The US has not agreed to the overdue replacement of *WTO* judges and thus has impeded the restoration of the quorum necessary in a panel that rules on trade conflicts. As a consequence, the *WTO* had been immobilized and sidelined, giving way to a regionalization of trade and contributing to the slow - down ( and now – even reversal ) in the expansion of global trade.

In March of this year, the foreign ministers of the G- 7 states failed to sign a paper on cooperation in the COVID – 19 pandemic because the US foreign minister (=“Secretary of State”) had insisted the language used in this paper should assign the name “ *Wuhan Virus*” to the *COVID – 19 virus*. Such pettiness and obstruction would seem simply ridiculous, wouldn’t it demonstrate the extent of US alienation from its former role and from its former partners.

The US resolve to obliterate the existing global order does not result just from the emotional rejection of everything foreign; nor exclusively from the

president's desire to smash into pieces all that carries the imprint of the bygone era of president Obama<sup>28</sup>. The will to reject a world - system based on interdependence and cooperation is also sustained by ideology and a clear political program. It is not hidden. It is articulated openly; for example, in the **speech of the US president before the UN General Assembly** in autumn of 2017; as well as in the **US National Security Strategy 2017** – the main document guiding present US foreign-and security policy. Both these documents disparage multilateralism as unrealistic and for raising false hopes. According to the 2017 security doctrine, *“sovereign states are the best hope for a peaceful world”*; while President Trump asserts in his UN speech that *“the world is safer when nations are strong, independent and free”*. Such ideas and prescriptions have a parallel on the other side of the Atlantic<sup>29</sup>, as they are echoed by nationalistic, anti – European, authoritarian political leaders in Hungary and Poland; and by extreme right wing parties and movements in France, Italy and Germany. Their aim is the creation of a **“Europe of nations”**. That term is a cipher for the aim to reverse European integration and to re-assert maximal national autonomy - something that was tried to ill effect with Britain's BREXIT.

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<sup>28</sup> It is difficult to ignore the racial resentment against a black person that seems to also fuel such wish of the present USS President for a total break with the administration of his predecessor.

<sup>29</sup> These pronouncements also echo, sometimes verbatim- the writings of **John J. Mearsheimer** ( *“The Tragedy of Great Power Politics”* 2001, New York, Norton ) with his counsel to return to 19<sup>th</sup> century great power politics; including his recommendation to start “pre-emptive” wars should the “balance of power” threaten to turn against a “Great Nation,,. That provides an ominous background to the aim of the 2017 US security doctrine to assure that” *the balance of power remains in US favour in Europe, the Pacific and the Middle East”* Assure that by using which tools?? In Mearsheimer's view and also according to the security doctrine, obviously by military tools mainly. . And how are these to be employed? Should that really be done by pre-emptive war, just as Mearsheimer had recommended? That certainly was the view of former US National Security Advisor **John Bolton**, later fired by the US president for his efforts to have the US wage pre-emptive war against Irani

## **B) THE PRESENT SHAPE OF THE INTERNATIONAL/GLOBAL SYSTEM**

Let us assume that President Trump is not re-elected and is succeeded by a **President Joe Biden**. Let us further assume that US “Democrats” manage to gain a majority in the US Upper House – the Senate. They would thereby control both houses of Congress and would be able to truly change present US policy. Would that permit the US to again act as the efficient, “benign hegemon”, sustaining worldwide cooperation and a multilateral system of global governance<sup>30</sup> ?

We may safely assume that an US administration of Joe Biden, acting with the support of the two houses of Congress, would correct the worst failures of the Trump presidency. But that would not resurrect a more distant past in which the US had lived up to its role as responsible leader of the world. As mentioned, neglect of that role had started well before Trump was made president. Probably, it had set in at the end of the presidency of Jimmy Carter already. Even a president Joe Biden, acting with the support of the two houses of Congress would not be able to return US policy towards the era predating the presidency of Ronald Reagan.

Nor will it be easy for any future US administration to regain **lost trust** from other nations. After having suffered so much US disregard, they will hesitate to renew confidence in US leadership. International **institutions** such as the World Trade Organization – WTO that have been **damaged** by US neglect or hostility also cannot be repaired that quickly and completely.

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<sup>30</sup> Something promised by Joe Biden- the now presidential candidate of US Democrats - at the Munich Security Conference with his “ we will be back”

There are other reasons too, that make unlikely a simple return to the global order as it prevailed over long periods of the “*Post World War Two Era*”:

- The *decay of the old order* had gained a momentum of its own. That set a course which is hard to change, as negative expectations feed upon themselves and make real a decline that just had been feared.
- A widening *diversity* in the nature and functioning of states that complicates common solutions.
- The *lack of consensus* on values girding a future international system.
- A *backlash against globalization*.
- Rising *international hostilities*

The old global system had been weakened by **its failure to accommodate the shifting weight and influence of mayor states**. The United Nations are still dominated by the five permanent members of the all – decisive Security Council: namely China, France, Russia, the United Kingdom, and the United States. India, soon the world’s most populated state, is not on board. Neither are the two economic powerhouses Japan and Germany. The voting power accorded to China in the “Brettonwood Institutions” - the World Bank and the International Monetary Fund - does not reflect<sup>31</sup> its true economic potential<sup>32</sup>. The world financial, monetary and payment system is still dominated by the US Dollar, though the US share of global trade has been declining. It now stands at

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<sup>31</sup> Voting rights had been adjusted in the favor of China; but only incompletely so

<sup>32</sup> But neither does China’s adherence to the status of a developing nation. It grants privileges that are difficult to justify, given Chinas present economic clout.

9,0 percent of world exports, compared to the 13.5 percent for China; and 8,4 percent for Germany.

States like France and the United Kingdom are now overrepresented in the UN system . They hold on to their privileged position and thereby impede adjustment to present reality. No wonder then that newly emergent powers tend to either ignore or bypass institutions that fail to provide them proper representation. Instead they tend to establish their own, new institutions, many of a merely regional nature or devoted to a narrow agenda only. Such institutions might be useful in a limited way. But they cannot substitute for the potent global institutions they are trying to replace.

The task of international institution building and the search for a common denominator have been **burdened by growing variety in the nature and capacities of states**. Sierra Leone and Singapore have diverged widely in their political and economic development. In the course of economic catching- up, some large states like India and China can rely on vast internal markets. They therefore depend less on the preservation of free world trade. For other mid – sized or smaller “emerging” countries like Vietnam, freedom of world trade is supremely important. They have to rely on exports as driving their economic development. Some states – such as the Central African Republic - are states in name only, unable to meet the most basic task of full control over their territory; while other states, such as China or North Korea, are in total control both of their territory and of their citizens. And - of course – differences in wealth and quality of life are yawning. There is little Niger and Switzerland have in common.

Efforts to salvage parts at least of the old multilateral order are not just complicated by this widening diversity of states, but also by **lack of consensus**

on **basic values**<sup>33</sup> that a new global order would have to be based on. Such differences are not new. They existed even in the more recent past. There were the well known differences between the “East” and the “West”; whereas the “Non – Aligned” held on to their own distinct views on how the world, and their countries should be run.

As of the late 70ies, these views began to converge. The process was driven by the pressure to speed up economic development. That favored the adoption of “best practices” and forced states to integrate into the world economy. At the same time, the melt – down of the Soviet Union had deprived the world of an alternate political/ societal / economic model.

That led up to the “**Fukuyama moment**”, with the US ex - diplomat and political scientist Francis Fukuyama proclaiming the “*end of history*”.<sup>34</sup>

According to Fukuyama, just one political model would have been left, namely the model of free *markets* in economic affairs; and the model of *democracy* for governing.

The “Fukuyama moment” has passed<sup>35</sup>. By now it is obvious that markets come in different versions. These versions change and evolve. Democracy takes different shapes too. It would be preposterous to claim that just one of these versions is the final one, not to be surpassed by any other and better one. Such

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<sup>33</sup> Immediately after World War II – with fewer international actors and with the US being dominant and with the lessons learned from the Great war still present, there was more consensus on the basic values girding the global system. They are embodied in the 1948 “*Universal Declaration of Human Rights*”. It is sobering to realize that - very likely - such a consensus cannot be replicated today, with China taking an exception and claiming priority for typically “Chinese values”.

<sup>34</sup> – with history being understood as competition between distinct philosophies on public affairs; and the end of history being understood as the termination of such competition

<sup>35</sup> Thomas Nowotny, Fukuyama Turned on His Head – Democracy and Market Economy Might Not Prevail, Transit, September 2012, Wien IWM



claim would run counter to historic experience. Change was and is always possible<sup>36</sup>.

In the 1990ies, the prophecies of Francis Fukuyama on the inevitable victory of democracy had still sounded plausible. Later on, actual developments have obliged him to revise his predictions, **as many democracies are voided of their essential substance**. In their outside trappings they still might conform to democratic norms. But behind that veil they are being hollowed out<sup>37</sup>.

One is tempted to ascribe failing democracy to manipulations by some power-hungry, unscrupulous political leaders, such as Erdogan, Putin, Trump or Orban. But democracy withers not just by its being suppressed by such strongmen. Democracy becomes anchored less securely also in states presently not ruled by such strongmen; and even in states such as the United Kingdom or France, that had been hailed as cradles of democracy and had been held up as models for others to emulate. That leads to a sobering conclusion. Democracy suffers from its proper dysfunctionalities<sup>38</sup>.

*“Given the right conditions, any society can turn against democracy. In fact, if history is anything to go by, all our societies will”*

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<sup>36</sup> Both markets and democracy set the institutional frame for a peaceful evolutionary process. Democracy permits the peaceful exchange of ruling elites and the renewal of societal goals. Markets facilitate the “creative destruction”, that is the replacement of old goods and processes through newer and better ones. In that sense they are optimal social arrangements; and in that sense they do confirm the message of Francis Fukuyama.

<sup>37</sup> The danger of a repeat of the period between 1920 and 1940 is obvious, when European democracies became replaced by authoritarian governments

<sup>38</sup> Competition is the guiding principle in both markets and in democracy. That principle is juxtaposed to the principle of solidarity. The two have to be kept in balance. Might the decay of democracy be related to the principle of competition becoming prevalent at the expense of solidarity? I wonder. It seems noteworthy that states like Switzerland or Singapore function well by limiting political competition through the inclusion of all main elements of society in decision making.

*Anne Applebaum*<sup>39</sup>, “A Warning from Europe: The Worst is Yet to Come”,  
*Atlantic Monthly*, October 2018

Applebaum observes the decay of democracy in Poland and Hungary, but also the withering of democracy in the United States. She fears the seeming inevitability of this decline as old elites are replaced by new ones that base their political hold not on persuasion and consensus, but on the divisive, destructive appeal to identity<sup>40</sup>. The emotions thus raised suppress rational discourse as it is essential to the functioning of democracy.

Weakened by their inner contradictions, “Western” democracies now face the **challenge** of states that do not even claim or aspire to be democratic; but which are successful - at least if measured in economic terms. China is a prominent example. It is not shy in offering itself as an alternative, promising model of governance. Many are listening<sup>41</sup>.

Will that make for a **less peaceful**, less interdependent and less cooperative world? The answer is a YES if we base this answer on analyzing developments in the last twenty years. They offer ample proof that a **regression in democracy** is invariably connected to heightened aggression and hostility towards other

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<sup>39</sup> Anne Applebaum is staff writer of the “Atlantic Magazine” and married to a former foreign minister of Poland.

<sup>40</sup> See also Ivan Krastev and Stephen Holmes who argue in a same vein that in the formerly Communist countries the desire to affirm a proper identity has caused a backlash against Western political and economic liberalism. ( Ivan Krastev and Stephen Holmes “The Light that Failed:- A Reckoning. Why the West Lost the Fight for Democracy” 2020. Pegasus books). There also are parallels between the article of Anne Applebaum and what Plato and Aristotle had written about various forms of government and the dangers facing the continuity of democracy. It would fail if elected officials cease to follow their inner “virtue” but act in accord with the fleeting wishes of the uninformed masses.

<sup>41</sup> The UN Human Rights Council had recently held a vote on China’s new security law for Hong Kong - a law that, inter alia, limits the freedom of expression. 53 states signed a statement supporting the law. Only 27 states ( European ones Japan, the US etc. ) voted against. ( New York Times, July 15.2020 )

states. That holds true for India's Modi; for Duterte in the Philippines; for Erdogan in Turkey; for Bolsonaro in Brazil; for Putin in Russia; for Vucic in Serbia; for Orban in Hungary; for Kaczynski in Poland, and yes – of course - also for Donald Trump in the US. Clearly thus, this “democratic recession” is likely to damage global cooperation.

The question is as to what can be done to minimize this damage. In this case too, recent history holds some lessons; **lessons** in particular on **what does not work**. Recent history has taught us the futility of the missionary zeal to export democracy to countries or regions ill fitted to receive and employ it. The US had toppled a brutal regime in Iraq in the vain expectation to replace it by democracy. Europeans have done the same in Libya, and both Europeans and Americans have supported *regime change* in Syria with the hope of using the forces of the “Arab Spring” to turn Syria into a true democracy. In all three cases, these efforts not only did not work. In all three cases, these efforts resulted in full-fledged “*state failure*” with no state left to be turned democratic.

Notwithstanding these failures there is still solid reason for attempting to promote democracy. As democratic states are more peace – prone, an expansion of the democratic realm would enhance global security. But democratization cannot be enforced with the “**sticks**” of punitive sanctions<sup>42</sup>. Democracy is better promoted by using the attractive power of “**carrots**”<sup>43</sup>.

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<sup>42</sup> There are exceptions to this general rule where violations of democratic norms are so serious; and have such grave international consequence that sanctions are nothing but defensive tools of mere self – preservation. Neither is that rule applicable to the European Union and its sanctioning members that seriously violate democratic norms. The reason for this exception is the unique nature of the European Union as a hybrid organization, combining elements of interstate relations, of a mere federation, and of a federal state. The resulting, close inter connectedness of EU member states does not permit deviations from basic democratic principles that hold the union together.

<sup>43</sup> A prominent example for the success of such enticements is the *Helsinki Accord of 1975*. Against “Western” concessions such as the official recognition of Poland's Western borders ( that had been moved into former

In this, the attractive power of the example of a well functioning, socially balanced democracy remains still the most potent tool. The “*Arab Spring*” was motivated by Arab youth wishing to emulate these positive examples, and not by European countries trying to export their form of government.

Well functioning democracies should not be shy in holding this their form of rule superior to other forms of political rule and holding it up as an example for others to follow. But a certain amount of humility is counseled by the dysfunctionalities of democratic rule such as they have become apparent in recent decades. Realism also has us concede that alternative forms of government have always existed and will continue to exist. **International relations** cannot be limited to dealings with democracies only. International cooperation **cannot be made contingent** on everyone fully living up to democratic ideals. Cooperation has to be sought wherever such cooperation is necessary and useful, regardless of the form of government in the country that becomes partner in such a cooperation.

**A backlash against globalization:** The advance in average global wealth and well – being we have noted earlier, is largely due to economic globalization. It has lifted billions out of poverty and has improved the quality of their lives in other ways too. That fed the vision of states and their citizens being tied together ever more tightly, thus enhancing global cooperation and solidarity. Yet if this has been the case, the opposite is true too. **Globalizations had distributed its advantages unevenly. It** thereby has not evened, but deepened

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German territory) Communist states allowed their citizen to access a – limited – amount of uncensored “Western” information. The following slow erosion of faith in the Communist system is in parts due to that arrangement.

schisms. Some countries have gained, while others suffered, as many of their citizens stood to lose in the process of intensifying globalization.

Not all states are able to profit from deeper involvement in international trade. Some cannot use exports to enhance growth and are not able to hook up to world – wide supply chains. They lack the necessary pre – conditions such as a sufficiently large internal market; a functioning infrastructure; an educated labor force; and stable political and macroeconomic conditions. That has been true for many Sub – Sahara African countries, as demonstrated by the fact that the industry's share in their GDP has remained the same or even has shriveled over the last forty years.

On the other extreme side are some of the most wealthy countries. A good number of their citizens profit from globalization. These are mainly the well educated or those wealthy already. But other parts of the population lose out as local manufacturing is being supplanted by imports from newly emergent countries ( with middling to low average income)<sup>44</sup>. Workers made redundant by these imports have to find new employment. If they do, then it will mostly be in low paying jobs in the service sector of the economy, lowering not just their income but also their social status. In many wealthy countries, globalization therefore contributes to social fissure, damaging a good part of the former solid middle – class.

It is for these reasons that globalization has run into resistance both in some very poor, but also in a number of very wealthy countries. Some poorer countries see their markets swamped by cheaper imports from highly productive wealthier states - imports they cannot compete with; while in some

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<sup>44</sup> The disappearance of well paying jobs, especially in manufacturing is due not only to imports substituting for local production. Technological change works in the same direction, and that to even a greater effect.

very wealthy countries industrial workers- or former industrial workers- rebel against their becoming unemployed or downgraded to menial jobs.

In both instances, a backlash was to be expected. It has set in already – with all of its de- stabilizing consequences. In that sense, **globalization** has not welded the world closer together, but has **divided it into hostile, resentful camps.**

**Rising international hostility:** When guarding against the ill will and the actual or potential aggression of others, states now have to act in an environment **different** from the one that **prevailed in the past.** The waning of trustful and steady internationalism now favors return to an egocentric **nationalism** that is **incompatible** with the willed togetherness of an interdependent world. In a downward spiral of worsening expectations and growing insecurity, a premium is now set on preventing loss, whereas formerly the aim had been to maximize potential gain. Distrust triggers an arms race in both conventional and nuclear weapons.

This new global arms race involves the **proliferation of nuclear weapons.** Quite a few states appreciate<sup>45</sup> the security nuclear weapons seem to provide. They also resent, and desire to break the monopoly of states that have nuclear weapons already. With the addition of new nuclear powers, the nuclear arms race is about to expand unto high risk territory. No medicine is available readily so as to counter that risk.

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<sup>45</sup> As demonstrated by the examples of Iran and North Korea, the expansion of the circle of nuclear armed states will be difficult to stop. Saudi Arabia and Egypt would certainly like to join the club, financial resources permitting. Further members might be added were the US to withdraw its nuclear umbrella from places like Japan, Taiwan, South Korea and – last not least – from Europe. Anyone relishing the prospect of a nuclear armed Germany?.

It will be **difficult**, in particular, to **resurrect** – on the ruins of past US – Soviet agreements - a new regime in the **realm of strategic weapons**.

In succeeding steps, one piece after another had been eliminated from the body of US – Soviet treaties on strategic weapons. The list of what has been abandoned is long: the Anti Ballistic Missile Treaty; the Intermediate Nuclear Forces Treaty – INF, the Anti- Satellite Weapons Treaty; the Open Sky Agreement; etc. The last piece standing- the NEW START agreement - is likely to disappear too.

Obviously, neither Russia nor the US see any advantage in holding on to these agreements. They seem to have ceased<sup>46</sup> worrying about the risks of a new arms race in nuclear weapons. Nevertheless, these risks are real. Experts have warned that they have become more acute than they had been even at the peak of the Cold War.

The return to a control – regime similar to the one once built jointly by the US and the Soviet Union is nonetheless complicated by the proliferation of nuclear armed states and by their having acquired tools needed to execute nuclear strikes over greater distances.

The failure to hem in that race in nuclear and conventional weapons and the abandoned efforts of confidence and security building have raised the chances of **armed inter-state conflicts**. Avoiding them has been easier when the search for inter- state security involved just a few great powers. By now, there are more of such players, with diverging aims, interests and military capacities. This complicates the search for mutually acceptable compromise.

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<sup>46</sup> The lessons of the Cuban Missile Crisis seem to have been unlearned; when in 1962 nuclear war had been avoided by sheer coincidence only.

Thus the risks of armed inter- state conflict have grown. Yet they still are minor ones. This is because armed interstate conflicts - **wars in the conventional sense - have become rare** in the recent past. Their high costs and unpredictable outcome have led states to use other, **newer and less costly forms of inter- state aggression**. One does no longer invade a country with vast armies of national soldiers<sup>47</sup>. Actual fighting is being outsourced and the involvement in military confrontations is being obscured by the use of mercenaries such as those employed by the US in Afghanistan and Iraq; or by those employed by Russia in Syria and Libya. Interstate aggression is also increasingly carried out in cyber – space; either by simple propaganda and disinformation, or by a highly dangerous disabling of essential infrastructure (such as electric power grids ). All of these tools are now being used, matter-of-factly and by a growing number of states. The same holds true for remote killings executed either by secret agents or by drones.

Major states such as the US, China, Russia and Japan have entered new terrain of interstate hostility by the “**weaponization**” of their economic might, thus disrupting global trade and endangering global economic interdependence.

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In retrospect it is evident that the era between 1945 and 2000 had indeed delivered on the promises of enlightenment<sup>48</sup>. The **world had indeed become a better place**<sup>49</sup>. That success sustained the hope that better was still in reach. The two decades since 2000 have not confirmed such optimism. Both in international relations and in the inner working of democracies centrifugal

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<sup>47</sup> The US wars in Afghanistan and Iraq have underscored their utter futility.

<sup>48</sup> And on the promises of the latest spin – off of enlightenment: “modernization theory”

<sup>49</sup> Steven Pinker, 2018, The Better Angels of our Nature – Why Violence Declined, New York, Random House: Pinker claimed that after the Cold War organized conflicts of all kinds – civil wars, genocides, repression by autocratic governments – would have declined. History has proven him wrong.



tendencies seem to have prevailed over the centripetal forces of solidarity and cooperation. Negative developments have gained a momentum of their own. In internal politics they have resulted in stifling polarization. In the international realm, they brought a return to the **negative sum games** of every state against every other one; a set-up as it had been in place up to the 20<sup>th</sup> Century.

The retreat of the US from its former role as global pace – setter and guarantor of a cooperative world order has been largely responsible for the negative turn in world affairs. In the 1990ies the end of the Soviet empire had left the US in an undisputed position of preeminence. With China still preoccupied with accelerating economic development, and with Europa devoid of any geopolitical ambitions, the US would have been in a position to consolidate a new multilateral world order<sup>50</sup>. Due to **triumphalism** and an arrogant disregard for the interests of others<sup>51</sup> this unique “**window of opportunity**” was left unused. It remained closed thereafter. As mentioned before, the US had since moved still further away from its prior positions. Under President Trump it even had turned into a destructive force in the global system.<sup>52</sup>

The question is to how that affects Transatlantic Relations and a global system that is in rapid transformation. We will seek answers in the next two chapters.

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<sup>50</sup> Such as it had been promised by president Bush the elder.

<sup>51</sup> A disregard expressed in the US decision to expand NATO farther to the East; and to build anti – missile defense installations in countries that once had been part of the Soviet – led “Warsaw Pact”

<sup>52</sup> States endanger peace when they rapidly gain power; and when they rapidly lose power. The latter phase is the more dangerous one. Paul Kennedy, *The Rise and Fall of Great Powers: Economic Change and Military Conflict from 1500 to 2000*, new York, Vintage Books 1987

## C) THE FUTURE OF TRANSATLANTIC RELATIONS

President Trump conforms to, and plays up to the worst instincts and emotions of his political supporters. Over the past four years, these worst instincts and emotions have colored, or even determined US security and foreign policy.

Should Trump – as now seems plausible – lose the November 2020 presidential elections, this his part of the US voters will not simply disappear. But neither would Trump’s opponents who still stick to those values and goals that had informed US foreign and security policy in earlier times. These opponents too, are representative of a section of US citizenry, and even of a mayor section.

This majority still supports the United Nations, abhor wars, and favors assistance to the world’s poorer countries<sup>53</sup>. Europe has to live with both of these two segments of US society; and it should take the long term view:

**among all of its potential international partners, the US still will be - Trump notwithstanding - the one to share most of Europe’s values and interests.**

There still is no other part of the world which would connect to Europe more closely in **cultural, economic and military terms** .

This is not the place to deal in detail with the question as to whether a **“Transatlantic Culture”** exists and whether it constitutes a distinct sub –set of culture that has largely become globalized. Just let us observe that the cultural interchange has been intense indeed. In the first half of the 20<sup>th</sup> Century, much in economics, psychology, sociology, architecture, philosophy has been

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<sup>53</sup> Surveys by the Chicago Council on Global Affairs.

exported to the US from Europe; for example with the Bauhaus architecture; with Friedrich von Hayek's economics; with Derrida's deconstruction of language; or with Freud's psychoanalysis. Later, much of that had then been re-exported from the US to Europe in an americanized version. In the second half of the 20<sup>th</sup> century the "cultural trade balance" had turned in favor of the US. Much of Europe's culture and life-style was affected by these exports. Europe's youth has warmly greeted US jazz and pop – music as permitting liberating self – expression<sup>54</sup>. American English is the language of science, of international economic activity and of youth culture. The ungainly, ill fitting and uncomfortable leg wear of US cow herders has turned to be the uniform street wear on both shores of the Atlantic. Outlets of US food – chains have come to compete successfully with traditional French Bistros in Paris. The US dominates in providing content in the Internet.

Forty years ago, the dominance of such US cultural exports had still stirred European resentment<sup>55</sup>. They no longer do. Blue jeans are no longer seen as imports from the US but as a part of the prevailing lifestyle. The same holds true for fast food and internet content. Those items no longer figure in a war over cultural identity.

**Political values and goals:** Given the present state of US politics, it might seem far fetched to claim that US and European political goals and values had been largely identical over long stretches of time; and that much of what had inspired European politics had, in fact, been imported from the US. Examples are the *environmental movement*; *Teddy Roosevelt's National Parks*; or *Rachel*

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<sup>54</sup> That is why jazz was frowned upon in the Soviet realm and became a signal of opposition to the system

<sup>55</sup> A French law that stipulated the use of the French language in the public sphere has soon been ignored. In Paris one now may see billboards with an English language messages.

*Carson's "the Silent Spring", warning against the loss of bio – diversity; . Consumer protection and car safety, promoted by Ralph Nader's "Unsafe at Any Speed"; or the feminism of Betty Friedan's "The Feminine Mystique".*

European imports from the US also include political techniques and tools; such political campaigning based on opinion polls<sup>56</sup>; or the political use of television; and lately , the use or misuse of social media..

Some negative trends in politics have developed in similar ways both in Europe and in the US. On both sides of the Atlantic, democracy had suffered from the prevalence of form over substance; of emotionality over rational discourse; and from the appeal to identity over appeal to interest. That also pertains to scary developments on the extreme right wing of politics. The "White Power Movement " is domiciled on both continents<sup>57</sup>.

Nonetheless, political values and goals have never been fully identical. In the US, the balance between solidarity and individuality has dramatically shifted in favor of the latter, with extremes already touching on nihilistic anarchism. That found expression in different views on the function and size of the public sector; with politics in the US being intent of keeping this sector small<sup>58</sup>, whereas Europeans are quite comfortable with a larger public sector. Trust, or the lack of trust in the efficiency of collective action resulted in different approaches to the provision of health services, housing, higher education and the provision of old age pensions. Given the close interconnectedness of US

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<sup>56</sup> American political and campaign counsellors have established a quasi - monopoly in the recently democratic countries of Eastern Europe; they dominate also in the Western part of the continent

<sup>57</sup> Many Nazi insignia and literature had been exported to Europe from the US city Lincoln / Nebraska

<sup>58</sup> The gap started to widen with the Reagan presidency ( "the government is not the solution, it is the problem"). Over the past two years the tide might have turned, with the "Democratic Party" moving to the left and nearer to the programs of European Social Democracy. Elections in November 2020 will show whether this trend was potent enough to change the Left – Right balance in US internal politics.

and Europe, such differences in basic political questions must necessarily spill – over into the mutual relations with the effect of complicating them.

The **economy**: The US and Europe are to each other both the prime source and the prime destination of foreign direct investment. Europe attracts 58% of US Foreign Direct investment. The stock of this investment accumulated in Europe, is 3,5 times bigger than all US investment in the Asia – Pacific region. On the other hand, foreign direct investment from Europe makes for 60% of all such investment flowing into the US. US exports to Europe two and a half times more than it exports to China, while European exports to the US are even more voluminous<sup>59</sup>. Given these facts, one may well perceive **of the US and Europe forming one coherent economic sphere.**

Yet fissures have recently cracked the coherence of this sphere. Some of them can be explained by the different *geopolitical interests; parts of these difference arise from uneven economic/ political clout; parts of them from variances in the structure of the European and the US economy.*

Compared to Europe, the US is less dependent on foreign trade, with the *North American market being self - sufficient* in all basic aspects<sup>60</sup>. Europe is not. Europe therefore has higher stakes in importing and exporting freely. It therefore has a higher interest to retain unencumbered world trade and institutions- such as the World Trade Organization WTO - that protect it. The US interest is less acute; or even lacking if one gauges that at its present attitude toward the WTO<sup>61</sup>.

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<sup>59</sup> Donald Hamilton, Joseph Quinlan, *The Transatlantic Economy*, 2019

<sup>60</sup> For some time, the US too, had to rely on the import of oil. But with rising US production, that is no longer the case; lowering if not extinguishing the US stake in the oil producing Middle East

<sup>61</sup> See for example the US Trade Representative Robert E. Lightizer “ How to make Trade Work for Workers” in “ Foreign Affairs”, 4/ 2020, July August 2020

Up to the onset of the internet - age in the 1980ies, the *structure of the economy* had been similar on both sides of the Atlantic with the European economies fast approaching the US level of productivity and perhaps even on their way to even surpass it. But then the early employment of **IT technology** (created with much support from the US government and especially from the US military ) gave the US a head start in this field. Given the fact that in this industry, production can be expanded with near zero marginal costs, European competitors were left behind by a small number of US corporations that managed to establish a world monopoly<sup>62</sup>. On the European side a more rapid deployment of IT technology had been thwarted by lesser government support and by the fractured European market. No European competitors, were able to hold their own against the US giants like Facebook or Amazon.

That one – sidedness in the field of IT technology and IT applications created other problems for Europe too. Given their clout and the support provided to them by the US government, US Information Technology- IT giants were in position to set the rules and define the practice governing the world – wide use of information technology. Some of these rules and practices are not compatible with European traditions and values. Europe protects more firmly personal privacy and the right to decide on the use of personal data stored in cloud computers. Europe also resents that - thanks to their size and the nature of their business - US Information Technology giants have been able to largely avoid taxation of their European business.



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<sup>62</sup> If one excepts China that managed to draw even with the US behind a state – guarded “firewall” and with massive state support

The INTERNET should have created a vast **global common**. Oceans are such a global common. They are open to everyone, provided rules established by international law are being observed.

In retrospect, it clearly ranks amongst the worst failures of international policy that the INTERNET has not been transformed into such a global common. Instead, the Internet had been privatized and turned over to - mostly American – corporations. These are, of course, mainly interested in maximizing their profits (which they do to great effect).

The rules set by these corporations, and the algorithms they employ, are geared to that end of maximizing profits. Much of the present abuse of the internet – such as cyber warfare – would not exist had the world in the late Seventies and early Eighties decided upon another course and hauled the INTERNET into the public, international sphere and subjected it to mutually agreed norms, in a similar way as it was done in the early 17<sup>th</sup> century with the creation of the law of the sea <sup>63</sup>.

Europe is also disadvantaged by the **US dominance in finance** and by the *dominance of the US dollar* both in international trade and in its use as reserve currency of central banks. In terms of relative purchasing power and in view also of the deficit in the US current account, the US dollar is clearly “overvalued”. Much of the raw material imports of Europe ( such as the import of oil ) are denominated in US Dollars. They therefore are more expensive than they would be, were they denominated in Euro.

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<sup>63</sup> Hugo Grotius: “de mare liberum”, 1607

The wide use of the *US Dollar as reserve currency* grants the US the “*exorbitant privilege*<sup>64</sup>” of living at the expense of other states. These have to cover a deficit of their current account by going into debt with international finance. Or they may have to close the deficit by increasing exports and limiting imports - that is by saving and limiting consumption. The US can escape such constraints by simply printing money. As the use of the Euro is not as widespread as the use of the US Dollar, Europe cannot reciprocate by also printing money.

The US Dollar being overvalued is one of the reasons for the persistence of the *US deficit in the US / European balance of trade*. The US has attempted to close it by imposing sanctions such as tariffs and quotas on imports from Europe. It is thereby risking a “tit for tat” in an escalating trade war<sup>65</sup>. In such a trade war, both sides are bound to suffer. It would create serious frictions in the Transatlantic economy.

Europe lacks a counterpart to the globally **dominant US financial** market. Europe therefore has to abide by formal and informal rules set by US finance. These have established the *dominance of finance over the “real” economy* and have legitimized the extraction of a maximal return to those who had provided finance in the form of credit, bonds, shares and other forms of equity. The interest of the providers of capital, and especially the *interest of shareholders*, was granted priority over the interests of the other “*stakeholders*” in a company; such as the interests of workers; or the interests of the community a company is located in. Money that could well be used for investments securing the future of a company, or well used in better pay of

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<sup>64</sup> A phrase coined by French president Giscard d’Estaing

<sup>65</sup> Donald Trump, looking down from his tower on New York’s Fifth Avenue was incensed by the sight of so many German cars (ignoring that a good number of them were being manufactured in the US) He felt bound to seek revenge.



workers and in the upgrading of their skills, this money is instead being diverted to shareholders (and CEOs ) through *outsized dividends* and by *share buy-backs*<sup>66</sup>.

The rapid de – industrialization of the US <sup>67</sup> was one of the consequences of subjecting the economy to the power and interests of finance. But in the US that damage did not prompt a change of economic policy. Neither did it lessen the pressure on Europe to emulate the US example. European companies came under pressure to adjust to the rules and expectations of finance <sup>68</sup>, funneled through shareholders, pension funds, private equity and hedge funds.

According unlimited priority to the interests of finance is at odds with traditional European corporate culture. Transforming it in the image of US corporate culture was bound to result in *backlash*. It has set in already, with European legislation seeking to limit hostile takeovers of European corporations and policies to shield diverse European “champions”<sup>69</sup>

US / European difference have escalated as the US had used the dominance of the US dollar and its dominance in world - finance to **unilaterally dictate economic sanctions** that had not been legitimized by the UN Security Council. These sanctions permit the US to punish any foreign corporation that violates these sanctions ( for example: by doing business with Iran ). The US can do so because all of the world’s major corporations are connected to the US market

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<sup>66</sup> Increasing the value of shares is very much to the benefit of CEOs who are being remunerated in parts by being given shares of the company they direct

<sup>67</sup> According to a report by US Senator Marco Rubico “ American Investment in the 21<sup>st</sup> Century” net private domestic investment in fixed assets like machines, equipment property has shrunk in half since the mid 1980ies ( New York Times August 1. 2020)

<sup>68</sup> With ill results, the “Deutsche Bank” tried to copy the example of US investment banks, inter alia investing heavily in dubious ventures of later president Donald Trump

<sup>69</sup> By now mainly directed against Chinese attempts to gain control of strategically important European industries. In this its endeavors, China uses the tools developed by US finance.

and/or to the US finance and payment system<sup>70</sup>. US sanctions threaten to exclude foreign corporations from access to these facilities. That is something no major corporation can risk. They therefore have to submit to this kind of US blackmail ( see also page .... ).

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It is however in the field of **foreign and security policies** where, in the long run, divergence in views and interests will have the heaviest consequences. All too self confident on its island – continent, the US has become uncomfortable with having to work with, and having to come to depend on others. Increasingly, it prefers to go it alone, while backing up its unilateralism with military and economic power.

Europe on the other side, is deeply attached to, and connected with rest of the world. It can ill afford a similar stance. Most European states are aware of being small, even if they once considered themselves "big" and empowered to rule over vast colonial empires<sup>71</sup>. European states seem to have absorbed the lessons of history, which have taught the ill consequence of an arrogance of power, the futility of wars and the dangers of a false sense of superiority<sup>72</sup>. The downside of this realistic humility was a withdrawal from a more active role in world politics and especially from a more active security policy<sup>73</sup>.

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<sup>70</sup>The European Union has attempted to shield European companies from US sanction imposed on them for doing business with Iran. It did so by creating a facility that permitted trading with Iran without the use of a US payment system. European companies did not avail themselves of this EU instrument., because they could not exclude the risk of falling prey to the US sanctions nonetheless.

<sup>71</sup> There are two kind of states: those that are small; and those that know that they are small". In today's world no state is "big" enough to force others under his will and alone set the rules of global togetherness

<sup>72</sup> The "**Alliance for Multilateralism**", launched jointly by France and Germany in April 2019 corresponds to these insights and tries to gather support for maintaining and developing multilateral international cooperation.

<sup>73</sup> That does not pertain to all European countries in the same manner. France I still interested and involved in "grand strategy". Germany much less so.

That has facilitated the acceptance of US leadership. The resulting cooperation on security issues was a close one. Originally, it had been built on the need to contain the Soviet Union, perceived – rightly or not – as intent to expand the realm of its dominance over the rest of Europe and up to the shores of the Atlantic. Preventing that was a goal fully shared by Europe and the US.

But that shared interest did not make them into equal partners in NATO – the alliance formed for that purpose. The US remained dominant and one should doubt whether it had ever truly wished for stronger, more self-confident and potent European partners<sup>74</sup>. That one-sidedness seemed justified. The US having extended the umbrella of its nuclear deterrence over Europe thereby also carried the risks of being a target of nuclear Soviet weapons in case of a war on European territory. It carried this burden as well as the burden of military expenses far above those of its European allies.

Europeans seemed quite content to delegate strategic leadership to the US, and that to the extent of *unlearning to think in strategic terms*, and unable to articulate their own specific interests. Unfortunately, they have not re-learned strategy when, with the collapse of the Soviet Union, the global set-up changed dramatically.

*The US tends to act for Europe but not with Europe.* This is not just due to the US sense of a unique mission and of exceptional power. It is due also to the failure of Europe to even try to become a true and equal partner of the US. When Austria held the presidency of the EU in 2006, the Austrian ambassador to the US had been invited at regular intervals for briefings at the office of the US National Security Advisor

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<sup>74</sup> The famous quip of Lord Ismay “, the first Secretary of NATO defining its purpose as “*keeping the Soviet Union out, the Americans in, and the Germans down.*”

and at the State Department. On these occasions, the Austrian ambassador was informed about the US position on issues relevant in relations between Europe and the US. Yet in all this period of the Austrian EU presidency, the ambassador had not received any instructions on the position of the European Union. Due to this lack of a European point of view, these meetings turned into US monologues.

This might have changed with the installation of a kind of European Foreign Office – the “*European External Action Service*” in December of 2010. But such changes cannot have been very massive. They had no effect upon the substance or lacking substance of the Union’s foreign- and security policy. It still remains reactive, hesitant and weak. This is not because of the Union would lack the instruments to articulate and implement a common foreign and security policy. It is due to incompatible positions of EU member countries. Poland, for example, will still accord priority to its relations to the US and NATO over its membership in the European Union ; whereas France will stick to opposite priorities.

For the US, the demise of the Soviet Union lessened the relevance of NATO. US attention became focused on the looming confrontation with China (the notorious US “*pivot towards the Pacific region*”). For many Europeans too, NATO had lost some attractive glamour at times when it expanded its mission to include “*out of area activities*” - such as its engagement in Afghanistan and its involvement in toppling the regime of the Libyan ruler Gadhafi. In both instances, the NATO intervention had not improved, but had worsened the situation on the ground (with Libya simply disintegrating ). NATO’s intervention

in the conflict between Serbia and the Kosovo had not been authorized by the United Nations Security Council and thus was in violation of international law. Kosovo is independent now but still in a sorry state.

Over the last two decades, Europe's interest in NATO has been revived<sup>75</sup> as Russia changed from seeking closer attachment to Europe to seeking to destabilize it. The tools employed by Russia in its anti – European campaign are those of “ hybrid warfare”. They include cyber – attacks; interference in elections; support of extreme right -wing movements and political parties; intimidating Russian maneuvers by Russian airplanes and navy ships; and disinformation and disorientation propagated via the Internet. NATO, geared to traditional warfare, is ill suited still to reply in kind to this new form of aggression.

More robust answers to Russian challenges are also impeded by two related considerations. One is the nagging question as to whether NATO had not become guilty of motivating Russia to turn hostile towards Europe. A more robust answer to the Russian hostilities is furthermore impaired by considerations on the long – term prospects of relations between Russia and Europe.

With the end of Communism, its military alliance - the “Warsaw Pact” - had been disbanded; but not so its Western counterpart NATO. Notwithstanding its pleading, Russia<sup>76</sup> was not invited to join. Instead NATO was expanded<sup>77</sup> up

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<sup>75</sup> With even non aligned Sweden discussing membership in NATO after having been intimidated by Russian military activities in and over its territorial waters.

<sup>76</sup> The Russian president Boris Yeltsin had even travelled to Brussel for pleading Russian membership in NATO -

<sup>77</sup> There is discussion on whether this extension of NATO towards the East was in breach of a “Western” promise given on occasion of the German “re- unification”. In my eyes it was. The US had promised not to extend NATO from former Western Germany towards the East by even “one meter”. It now claims that this promise referred just to the territory of former Eastern Germany ( DDR ) and not to other countries.. The issue was somewhat settled later on with an agreement on no NATO troops becoming permanently stationed in countries that once belonged to the Soviet era “Warsaw Pact” Escalating tensions have voided that agreement

to the Russian borders. Russia's request not to install missile emplacements (or missile defense systems ) in formerly communist countries was ignored.

Russia is no longer a mayor power. Its present clout does not result from superior economic strength or from overwhelming military resources. Its now more prominent role is due to its acting as an irritant and spoiler. Having abandoned the search for closer relation to the rest of Europe, it has switched to an " Eurasian Policy" with closer attachment to China. But Russia is European at its core. Given its culture and traditions and given the persistent weakness of its economy, it will ultimately have to mend its ways with Europe. The internal Russian opposition - irrepressible in the long run - would support such a return to the "West". Present NATO policies should not preclude that.

Europeans have therefore rightly been more cautious by trying not to escalate the confrontation with Russia over and above what is unavoidable. Disagreeing with the US, they have, for example, prevented an offer of NATO membership being made to the Ukraine. Unlike the US, they also refrain from providing arms to the Ukraine.

US / European differences on the proper approach to Russia have culminated recently in the unprecedented US move to prevent the completion of the "Northstream" pipeline that was to deliver Russian gas to the European market. Only a few kilometers of that pipeline were still missing when the US decision to impose sanctions on all companies involved in the project stopped the remaining work.

Experts believe that this stop will be temporary only, and that by imposing these sanctions the *US has "gone one bridge too far"* . It is now facing the

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of much of its substance; as a larger number of NATO troop are being "rotated" through these Eastern countries; and heavy equipment is being "prepositioned"

unanimous anger of major European states and of the European Union. The hostile reaction of Europeans is doubtlessly sharpened by the to rather obvious intent of the US not just to punish Russia, but also to use a termination of the “Northstream” project to substitute the export of US liquified natural gas for the import of Russian natural gas.

Beyond such difference in purely commercial interest loom basic differences on relations with Russia:

Should Russia be treated as the irredeemably eternal enemy of Europe? Or should it be treated as the “lost son”, destined to return eventually to his proper home? Should the dependence created by the by the Russian export and the European import of natural gas be seen as unilaterally disadvantaging Europe and limiting its freedom of action? Or shouldn't we see it as also restraining and binding Russia?

The latter view had already informed the “*Helsinki accord of 1975*” . The promotion of economic exchange and interdependence ( provided for in the “*Second Basket*” of this agreement ) was seen not as just being beneficial in economic terms, but also as something enhancing “ **common security**”, by limiting inherent hostility of the two camps by mutual dependence.

Reasonable circumspection in relations with Russia is no excuse for Europeans not living up to repeated promises of investing more in their military defense. They are under obligation to devote two percent of their national income to finance defense. They bound themselves to this goal in connection with membership in NATO. But they also bound themselves to this goal under the European *PESCO* ( *Permanent Structured Cooperation* that aims to enhance

European military capacities, also with the prospect of weaning Europe from its dependence on the USA ).

The insufficient military spending of Europe is perceived as irresponsible “free – riding” by the US<sup>78</sup> and is added reason for the US strategic “pivot” away from Europe and towards the Pacific region. Europe should be concerned about the lessening of US military engagement. It needs US military support not just in on its own territory. It needs US military support also in other regions of the world where direct European security interests are at stake. The US and Europe work together, for example, in attempts to retain a modicum of stability in the Sahel Zone of Sub – Sahara Africa and to prevent these states from disintegrating under the assault of Islam inspired guerillas. The US provides essential support to these efforts via logistics and in intelligence gathering.

Europeans have reasons to worry, whether such support will also be rendered in the future. They have to worry, in particular, about the credibility of the US promise to shield Europe by the *deterrent effect of its nuclear weapons*. Would the US really be willing to deter military aggression against Europe by the threat of countering it with the employ of its nuclear weapons? Would the US truly be willing to suffer a nuclear counter – attack on its own territory with millions dying? Would the now minor strategic relevance of Europe justify such supreme a sacrifice? Would Europe be more secure if not the US, but a united Europe, or single European countries were ready to deter aggression from

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<sup>78</sup> The world view informing grand strategy differs markedly between Europe and the US. For the US “grand strategy” is mainly defined in military terms ( see the above quoted 2017 US National Security Strategy ), whereas for the EU, security is defined in by the resilience of societies, with defense merging internal and external policies. (See: “European Global Strategy, June 2017 )



other nuclear – armed states by threatening the use of their own nuclear – arms<sup>79</sup>?

These questions weigh upon US European military relations. They sit uncomfortable with Europeans. But they need to be answered. In case the Transatlantic military alliance becomes weaker still, could French nuclear arms substitute for those of the US<sup>80</sup> ?

The European Union now aspires to gain “*strategic autonomy*”. It is far from reaching that goal. Should a US National Security Advisor try to contact an equally powerful European counterpart, there still would be **no one to answer his phone call**. European integration has stalled before reaching a point at which solid answers could be given to the queries of an US National Security Advisor.

The United Kingdom leaving the European Union ( = BREXIT ) has made evident the power of centrifugal forces that tear at the cohesion of the European Union. These have again been highlighted at the recent July 2020 EU summit, when the French / German axis failed to rein in five smaller countries which - in order to score with their national voters - were obstructing decisions on a grand initiative to counter the effects of the COVID 19 pandemic. Events like these are testimony to the persistent European weakness. They show that relations between the US and Europe do not just suffer from a lessening of US interest. They suffer, and mainly so, from Europe’s failure of being an equal partner to the US , able to articulate its own interests and able to defend them.

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<sup>79</sup> The issue has gained relevance with the termination of the INF – Intermediate Nuclear Forces Treaty.

<sup>80</sup> In an „off and on“ France had repeatedly suggested, that it could assign a “ European mission” to its nuclear arsenal

Would one take at face value some of the pronouncements of US President Donald Trump, Transatlantic relations would be in a sorry state indeed. NATO would be “**obsolete**”; and the European Union an “**enemy**”. Fortunately have come to realize that such pronouncements are not based on a rational evaluation of facts and options. Yet we still cannot simply dismiss them as irrelevant. Obviously, they connect to, and reflect hidden longings and emotions in parts of US society. But these emotions and longings do not dominate US political culture yet. They also fail to reflect the actual state of Transatlantic relations.

These Transatlantic relations have certainly become weaker. They will not return to their earlier strength; in particular not to their strength during the “Cold War”. But nonetheless, the manifold links across the Atlantic are tight still. Notwithstanding the fissions and fractures mentioned, these bonds are closer than those that connect two other regions of the world.

But will that hold for the future too? Are these bonds resilient enough to withstand the inevitable transition to very different arrangements of global affairs? This transition may very well result in a weakening of world-wide political cooperation and in a weakening of world – wide multilateral institutions. We then would have to assume that merely regional arrangements will replace the global ones; or that the world would even return to the unrestrained great power politics of the 19<sup>th</sup> Century. Were that the case, wouldn't it be likely for European and US interests to diverge further?

As such questions make obvious, the future of Transatlantic Relations has to be gauged against the background of changes in the overall global system.

## **D) THE FUTURE GLOBAL SYSTEM**

### **The economy:**

A state's place in the world pecking order is decided by the size and the quality of its economy. If these change, so will the structure of world politics. Internal politics too, have an economic base. Agricultural states, those with industrial mass production, and those with the service sector dominant differ from another. Of course, the economy is not all – determinant. There still is much room left for politics. Politics can make for, and have made for different

outcomes in states with equal levels of average income and with a similar economic structure. Nonetheless, the economy remains the base.

What shifts in this base are we to expect? **States very wealthy already**, such as the so called “Western” ones will see modest *growth* only. That is due not only to their demographics with a shrinking labor force. It is due mainly to the shift from industrial production to a service sector economy. In the service sector, rationalization of production is much more difficult than in the industrial sector. Productivity therefore will rise slowly only. The labor market in these wealthy countries becomes polarized, with a bigger part of ill paid menial jobs, and a smaller part of very well paid ones. Social policy can aim to bridge this gap. It has done so with success in many economically advanced countries. But in the end, politics cannot fully compensate for this polarization. Inevitably and over the long run, inequality of wealth and income will grow in the already wealthy countries- That will negatively affect the capacity and quality of internal and external politics.

Given the right conditions, economic development can be learned by *the still poorer countries*. They may apply technology developed in other places and copy “best practices”. The later a country came to “modernize” economically, the *faster therefore its rise*<sup>81</sup>. **China** managed to double per capita income each decade - something unheard of hundred years ago when catching up took much more time.

Therefore, shifts in relative economic weight will be fast. Next to China those to profit are the **South Eastern Asian countries** such as Indonesia and Vietnam (the latter like China still Communist in its self – definition ); and India. Notwithstanding some pronounced political differences and even conflicts,

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<sup>81</sup> Thomas Nowotny, 2004, Strawberries in Winter – On Global Trends and Global Governance, New York, Peter Lang.

the Far Eastern / South East Asian region is drawing together in economic terms, with inter regional trade growing faster than the overall external trade of each country.

**Latin America** seems stuck in mid - track in a perennial “stop and go”. There is little reason to expect that this will be different in the future. The outlook is more somber still for the Middle East and even worse for most of **Sub- Sahara Africa**. But as there are no ironclad laws in human affairs, surprises should not be excluded and these projection might become “falsified”<sup>82</sup>.

Disregarding the always present possibility of the unexpected, we will have to assume that past trends will continue into the future. Accordingly, economic power – and ultimately political power too - will shift towards East- and Southeast Asia. If the 20<sup>th</sup> century had been the “Atlantic Century”, the 21<sup>st</sup> Century will be the “Pacific one; at least in its second half. On this point there is little disagreement; excepting some US ideologues who still dream of being able to thwart the rise of China and balance its power by inciting other Asian countries into a confrontation with China (= “*offshore balancing*”).

In the past, the global economic system was based on the **assumption of the world market being equally open to all**. It was assumed that the nature of what was exchanged on the world market would remain the same as it had been in the past, consisting mainly in the exchange of goods and services. Issues of technological dominance and of dominance in the global supply chains had not yet disturbed this outlook. It was further assumed that the iron

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<sup>82</sup> The above estimates are based on the projection in to the future of past trends. I remember being very much impressed by Herman Kahn’s “The Emerging Japanese Super – State” . Herman Kahn predicted Japan to become the dominant global power. Since 40 years though Japan’s economic development has been sluggish and it totally lacks any wider global political ambition. The famous US political scientist Hans Morgenthau, on visit to Austria in 1945 in order to assess its economic prospects, arrived at a very negative judgment: the country would be destined to remain poor. By now it is the third wealthiest country in the European Union. When trying to look into the future, we inevitably do so by relying on past trends and assume them to continue into the future. We might be seriously misled.

laws of the economy would make economic policy become similar all the world over, so that all national economies could fuse easily into the one coherent whole of the world economy.

That is no longer tenable. Different regions of the world are at various stages of economic development. And even if they were at the same level of economic development, they still would pursue economic policies that are not fully compatible with another. The structure of the various economies and the economic policies that shape them are no longer the same the world over. They now differ.

It are such differences that had made for the failure of the DOHA – round of negotiations to further liberalize world trade<sup>83</sup>. Those differences persist and will even become wider. It is unlikely that they can be bridged by new global arrangements ( such as the completion of the DOHA round or by a re-vitalization of the World Trade Organization ). Global economic arrangements are therefore likely to be replaced by regional ones. To a certain degree that has happened already.

The principle of non discrimination amongst trading partners and world economic regions was the programmatic bed- rock of the post war “*General Agreement on Tariffs and Trade = GATT* and its successor the “*World Trade Organization = WTO*”. The “**Most Favored Nations Clause**” stipulated that privileges extended to one trading partner would have to be extended to all members of GATT or the WTO. That made for an even playing field in world trade. Exceptions were provided but for countries participating in *regional free – trade agreements or customs unions*. Privileges granted to each other by the

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<sup>83</sup> In a confrontation mainly between India and the US with differences on agricultural trade and on trade in services that could not be resolved

participants in regional free – trade zones or customs unions would therefore not have to be extended to all GATT / WTO members.

Over the last years, such free – trade agreements have proliferated. And they have not remained “regional”, as demonstrated by the EU agreements with faraway countries such as Japan, South Korea, Canada or Mexico. Thereby, the playing field of world trade ceased to be even. It became fractured with the divided parts each coming under the domination of a few economically potent players such as the United States, the European Union or China.

A trade agreement concluded between Europe and the United States, would have been the largest ever negotiated. It would have permitted the EU and the US to jointly set standards for the rest of the world. But the negotiations for a “**Transatlantic Trade and Investment Partnership TTIP** “ were first halted by US president Trump in summer of 2018; and declared “obsolete” by the European Commission in April 2019. Opposition to TTIP was strong in the US as well as in Europe, with fears that such an agreement would enable giant corporations to undermine social -, labor-, and environmental standards.

It is not likely that negotiations on TTIP will resume. Should the candidate of the US Democrats, Joe Biden, win in the US presidential election, he will do so with much support from US trade unions. These are mostly hostile to free trade agreements. On the European side, opposition will not wane either. On both sides of the Atlantic, this would raise the political costs of a future TTIP.

For large parts of the public in the US and in Europe, opposition to TTIP was motivated by the fear that the proposed agreement would have gone too far. It would have interfered too deeply in the internal economic and political mechanisms. One could as well argue the other way round that TTIP was bound to fail because it did not go far enough. Merely linking the economies of the EU

and the US by eliminating various hurdles to the free working of “markets” had raised opposition that was well justified. TTIP would have been acceptable only if this liberalization would have been accompanied by rules and regulations to make the larger market created by the agreement conform to common and high standards in the social, environmental und political realm. TIIP failed because it was not motivated by this vision; and because the differences between the US and Europe made unlikely any agreement on such higher goals and standards.

As mentioned, transatlantic economic relations will remain dense nonetheless. But that will not transform the US and the European Union into a single, coherent economic zone, able the exert not just global regulatory power; but political power in general. With the regionalization of the world trade progressing, the US and the European Union will each form the core of distinct zones, each of them will frequently come at odds and will compete with the Chinese economic zone, which is gaining strength rapidly. The competition will become more acute and even hostile as economic exchange is no longer equally beneficial to both sides of such an exchange.

To explain why, let us return to the theory of “comparative advantage” expounded by David Ricardo in his plea for free trade and explained through the example of the trade in wine and textiles between Britain and Portugal. Both wine and textiles are being produced more cheaply in Portugal than they are produced in Britain. But in Britain the production of wine is many times more expensive than the production of textiles, whereas in Portugal the cost difference between the production of wine and the production of textiles is not so large. Therefore, and according to Ricardo it should serve the advantage of both sides when in their mutual trade, Portuguese wine is exported to Britain; and British textiles to Portugal.



So far the theory. In practice the exchange was very much in favor of Britain. In the production of textiles Britain could rely on the then most modern technology. That permitted mastery of a supply chain: slaves were transported from Africa to the cotton producing parts of North America, and the American cotton was then transported back to Britain; to there being transformed into textiles. Thanks to British technology, these could be produced more cheaply and effectively than in any other part of the world. Relying on the technologically unchanging production of wine, Portugal could not keep pace with Britain and fell behind economically.

That insight applies to today's American or European trade with China. Conflicts in this trade are not mainly about whether Chinese exports are cheaper, or made cheaper artificially by state subsidies (though that happens). The conflict is mainly about the Chinese resolve to acquire the latest technology and to move up to the top of world supply chains.

So as to generalize: in the past, international trade was seen ( or at least was pictured ) as a "positive sum game" with both sides of an exchange benefitting. Now, as issues of technology and intellectual property have become dominant, many of these exchanges have turned into competitive "zero – sum- games" with one side gaining what the other side is losing. Instead of harmony, trade and other forms of economic exchange are creating friction.

The realization of that being so has worked against the further expansion of international trade and against the ease of acquiring foreign technology ( for example by the take – over of high – technology firms ). For most of the "After World War Two Period" *international trade had grown faster* than the global output. But even before the onset of the COVID – 19 pandemic, world – trade had ceased to grow. It even shrank - if measured in percentages of the "World GDP".

That signals the onset of “**De – Globalization**”. That signal is ominous. In the past, like phases of “de – globalization” had preceded phases of intense international conflict.

### **From global multilateralism to selective multilateralism**

The **United Nation’s** core mission is the preservation of peace. It also was designed to be the center of an extended family of global institutions, whose work it was intended to coordinate.

The challenges of maintaining peace and the challenges of answering to the growing number of tasks that can be tackled in worldwide cooperation only, should have been reflected in a strengthening of the United Nations. It did not happen. Instead, its role in maintaining peace and its role as coordinator of activities in the economic and social realm had been shrinking. Even decisions of its supreme authority – the Security Council - are no longer heeded<sup>84</sup>.

It is questionable whether the United Nations has ever been intended to serve as a coordinator of worldwide economic governance. In a merely formal way , this function had been assigned to UN’s “Economic and Social Council – ECOSOC”. But this assignment had never been backed by serious political will. Even before the signing of the UN Charta, the role of global economic coordination and rule setting had been accorded to the “*International Monetary Fund IMF*” and the “*World Bank IBRD*”. Both institutions are under the firm dominance of Europe and the United States<sup>85</sup>; and this to the exclusion

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<sup>84</sup> Recent proof for that was given when arms continued to be provided to the warring fractions in Libya, though that had been forbidden by the UN Security Council. That is not unique.

<sup>85</sup> This is reflected in the agreement that the managing director of the IMF should always hail from Europe, and the president of the World Bank always from the US .

of the poorer countries and to the near exclusion of emerging economic powers such as China and India. So, from its inception, the United Nations were handicapped by their not having a handle on the supremely important field of international / global economic relations.

All these three global multilateral organizations – United Nations, International Monetary Fund and World Bank , later failed to adapt in time to the shifting weight and the widening difference in the nature and capacity of states. That diminished their power and legitimacy.

By now, though, all these three global political/ economic institutions are threatened to become sidelined in dealings on core concerns of global politics: namely peace and security, as well as in dealings on core aspects of the global economy. The three institutions have lesser say now because decision making has become decentralized and is negotiated in the setting of a “**multipolar**” world. This is a world divided into several regions, each dominated by a “major power”. The creation and consolidation of such a “multipolar world” is an aim shared by the present governments of China and Russia; and – to a large extent – also by conservative parts of the US political establishment<sup>86</sup>.

When it became necessary to address urgent issues of more than merely regional nature, groups were created ad hoc in order to solve them.

Gatherings like the **G-7** of major industrial countries; or the **G – 20**, of the major industrial and emerging countries have come to function as a kind of world – directorate. Medium sized and smaller states were relegated to the role of passive recipients of decisions they had no part in. In spite of that, or

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<sup>86</sup> Symbolized in its extreme version by John Bolton, once US ambassador to the United Nations and later and unto his dismissal National Security Advisor to US President Donald Trump. Bolton openly despised the United Nations and openly sought to discredit them. He vehemently opposed agreements that limit US armament; and he lusted for war with Iran so to establish US hegemony in the Middle East.

because of that (take your pick ), groups like the G -7 or the G – 20 were mostly able to achieve what they had had set out to achieve.

In the area of security policy too, ad hoc and regional agreements among a limited number of participants came to substitute for more global arrangements. Treaties on nuclear arms – supremely relevant to all of the world – were negotiated just between the then two super – powers the Soviet Union and the United States. The *OSCE ( Organization for Security and Cooperation in Europe )* set rules but for the area between “Vancouver and Vladivostok”.

Relying on merely **regional institutions** has its advantages. It even might be inevitable on occasions. It is equally inevitable that more **technical problems** are solved not on the highest level of political and economic cooperation, but in institutions with a much more limited agenda; such as the ITU - International Telecommunications Union; or the Universal Postal Union.

Nonetheless, strength at the top - the strength, reach and legitimacy of truly global institutions - is essential for the maintenance of cooperation in an interdependent world. This is so for two reasons. First because a large number of problems are at the same time very political and very global and can be solved on the highest level of world governance only. Second, strong global political and economic institutions are necessary for preventing discord and hostility seeping downwards into these more regional or technical international organizations, blocking their smooth functioning.

Limiting the emissions of “greenhouse gases” in order to mitigate **global warming**, serves as an example for such tasks that need global solutions. As mentioned before, the number of such tasks will grow with the widening of the realm of “global commons” that need common care; and with the rising

number of regulations needed to stabilize the dense network of global interdependence. Global accord is now needed on rules that, for example, govern activities in outer space; the use of artificial currencies; on substances that destroy the ozone layer of the outer atmosphere; on criminal activities in the internet; etc. The completions of such tasks is dependent on binding<sup>87</sup>, enforceable, global agreements.

A gap has opened between the need for such firm agreements, for an effective and truly global government on one side; and the actual lack thereof on the other side. That void is due to the above mentioned “**multi – polarization**” of world politics. It causes the area of the common to splinter. The traditional overarching global institutions are bound to suffer; first among them the United Nations.

Groups like the **G- 7 or the G- 20** might substitute and prove efficient for some time and in addressing specific issues. But they are fragile creations. They lack the broad, firm, political, legal and institutional foundations of long established, formal international organizations.

One still has to try preserve as much as possible from the United Nations original core function in the realm of peace and security and try to prevent its being squeezed out completely in the push and shove of contending, regionally dominant great powers. This will be possible in the rare instances when the interests of these powers converge; or in places of little interest to them. But the United Nations will not be able to address – and even less solve - direct conflicts between contending “great powers”<sup>88</sup>

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<sup>87</sup> The Paris climate accord of 2015 is rightly criticized for not providing sufficiently strong mechanisms of enforcement and thus enabling “free – riders” to escape unpunished.

<sup>88</sup> As example: relations between China and Taiwan and the US role in that conflict. It is over this issue that tensions might escalate into armed conflict; and armed conflict into a world conflagration ( China has recently

Being blocked in this its original mission to manage actual or potential conflicts between mayor powers does not condemn the United Nations to irrelevance. They can branch out into new fields, not tilled yet by other international actors and that are still not covered by “grand politics” and not touched by the strategic contest of global rivals; but that are nonetheless crucially relevant to the future of mankind. The most salient example is the central role played by the United Nations in raising the issue of man induced *climate change*; in structuring the ensuing political debate; in underpinning it with scientific evidence; and gathering its members around the resolve to counteract.

Another of its projects of global and great future relevance was their 2015 decision on *17 Sustainable Development Goals*. They established parameters for measuring human well being and progress in all of the UN’s members states. *The UN World Conferences on Women* also had long lasting impact and had promoted world wide emancipation of women.

The United Nations should concentrate on areas in which it really can make a difference. No time should further be wasted in vain attempts to fundamentally reform the United Nations structure and methods of work. It will continue to be impossible to change the composition the Security Council – their supreme institution. For years that has been attempted and for year these attempts have failed. For years one has tried to ease the stranglehold the regional caucuses have on UN procedures and appointments. That too has proven impossible.

In trying to retain the United Nations as a relevant global institution, one should be aware of past failings and try to avoid them in the future. This calls for limiting the pseudo – politics of mere posturing and ideological affirmation.

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dropped the word “peaceful” when describing its aim of re – unifying with Taiwan. It seeks reunification; and no longer “peaceful reunification”

One should also avoid raising issues where no positive solution is in sight<sup>89</sup>.

Respecting those limits still leaves ample room for useful place of the United Nations in global governance, thereby maintaining their legitimacy.

The diminished role of the United Nations in the realm of peace and security is to no one's advantage. Globally connected and globally interdependent Europe is the region that will be affected most negatively by this void. As mentioned, Europe should- and probably will try to maintain as much as possible from UN's function and legitimacy. But Europe nonetheless needs to find its place in a world where global institutions, such as the United Nations, have lesser say on questions of peace and security and on the grand questions of global economy; and where international cooperation shifts from the global to merely regional and technical multilateral organizations. Among these, Europe has to select those most apt to channel its interests. It has to revert to a **selective multilateralism**.

Some of the multilateral organizations that present themselves for this function are European at their core, but reach beyond the more narrow confines of Europe; such as the already mentioned Organization for Security and Cooperation in Europe – OSCE; and – to a certain extent – also the Council of Europe with its function to safeguard human rights and democracy.

It is however the **European Union** that provides European states with the main tools for that closer cooperation which is called for if they are to maintain wealth and stability on the continent and if they wish to have a voice in the wider world.

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<sup>89</sup> That applies to the recent move by a majority of UN members to totally abolish all nuclear arms. All of them were aware that that call was made in vain. They should have been aware that such posturing only would complicate serious efforts to limit nuclear armament and to eliminate the worst risks emanating from the existence of nuclear arms.

## **The European Union: a weak global actor; but muddling through.**

Not long ago and in one of its leading articles, the London magazine “The ECONOMIST” had attempted a guess on the future of the European Union. According to the “Economist” this future would be bleak and far removed from the aim of the EU consolidating into an “ever closer union”.

The “Economist” sketched two alternate scenarios. In one of them, the European Union would continue to “muddle through”. It would do so with waning efficiency and with a more limited agenda. That was the more optimistic scenario. The more negative one predicted the near demise of the European Union. It would continue to exist, but only as an institution voided of much of its political content and with its functions reduced to maintaining the mere minimum of a customs union.

The two scenarios sketched by the “Economist” are hard to reconcile with the Union’s institutional development<sup>90</sup>: The customs union was deepened into a unified “*internal market*”. The introduction of the common currency – the Euro – later compelled the *European Central Bank* “to do whatever it takes” to counter threats to this common currency. The financial crisis of 2008 – 2011 led to the creation of a “*Banking Union*”. A “*social pillar*” was added to the existing three pillars so as to balance the hard forces of intense economic competition. Mounting tensions with Russia, and the lessening of US interest in Europe enhanced European military cooperation through the “*Permanent Structured Cooperation = PESCO*”. It also brought the revision of the “*Common Security*

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<sup>90</sup> It would corroborate the “functional theory” of European integration. According to this theory, the simple need to keep the Union running, would “*spill over*” into a steady expansion of its activities. Indeed, this is what happened.



*and Defense Policy*”, with the “*EU Global Strategy of 2016*” aiming at “*greater European strategic autonomy*”. More recent challenges to Europe’s security resulted in the establishment of an “*European Defense Fund*” to be financed with 13 Billion Euros in the period covered by the “Financial Framework 2021 – 2027”<sup>91</sup>. The European Union had reacted quite forcefully to the challenges raised by the COVID – 19 pandemic. It entered wholly new territory by the size and nature of its rescue package. It enables the European Commission to provide substantial grants and loans to member countries; to indebt itself on the capital market for that purpose; and to finance repayment of the loans through taxes it will levy on its own and not via contributions from EU member countries.

All that still will not enable the European Union to surrogate fully for the waning influence of global institutions such as the United Nations and to compensate by its own activities for the US abdication of global leadership. The Union is ill equipped to deal with **China** on an even footing. It has to accept that China has turned from being a mere “*economic competitor*” into being a “*systemic rival, promoting alternative models of governance*”<sup>92</sup>. But it lacks the tools and resolve to translate that realization into a policy to hold its own against the “*systemic rival*” China. Its inner weakness also keeps Europe from acting either as a strong, reliable partner of the United States; or from acting as America’s confident competitor.

As mentioned, the tools available to the European Union have become more varied. Yet an **inner weakness of the Union** impedes the full use of these tools. At first sight, the development of EU tools and institutional arrangements would provide credence to the claim of an “*ever closer*” Union. But that

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<sup>91</sup> Daniel Fiott, *The Multiannual Financial Framework and European Defence*”, Intereconomics, 2018 / 6 pp 311 - 315

<sup>92</sup> EU / Commission, “EU / China, a strategic outlook” March 2019

positive pictures hides the deeper reality of rising inner tensions and divisions that threaten the capacity of the Union to rise up to the challenges posed by changes in the world – order:

There is no *consensus on the final goal of European integration*. Should the progress to an “ever closer union” result in the Union being transformed into a federal “United States of Europe? That is the position of an idealistic but small minority.

Many more deem it nonetheless necessary to delegate more tasks to “Brussels”. They see that not just as a precondition for mastering the future. It would be the prerequisite for simply maintaining the present coherence and working - capacity of the Union. It would be threatened if no solution were found, for example, on a more uniform taxation of corporations; or if one would not succeed in shaping a common fiscal policy so as to provide the essential fiscal counterpart to the monetary policies of the European Central Bank .

A few EU member states, however, do not see any necessity for granting “Brussels” additional decision making powers. They call for a reversal of such shifts, with more of decision making returning to national capitals<sup>93</sup>.

That brings them closer to a sizeable part of the European electorate that remains hostile to the whole European project. This part of the European electorate<sup>94</sup> has painted Brussels as the enemy and as an obstacle to the flowering of states again proudly independent from the tutelage of European institutions. Those forces hostile to the Union had gained strength – at least up

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<sup>93</sup> A position a the Austrian Federal Chancellor Sebastian Kurz

<sup>94</sup> In the European parliament the anti – European political parties are united in the “Identity and Democracy” caucus - the fifth largest caucus in the European Parliament.

to the moment when BREXIT had highlighted the costs and risks of a separation from "Brussels".

Added to these ideological differences are those created by the **divergence of material interests**: the wealthy against the poor; the big against the small; those directly subject to the pressures of irregular immigration and those exempt from such pressure; those using the Euro against those who do not; those ready to accept Chinese loans and infrastructure investments and those skeptical about opening wider the doors for Chinese influence; etc.

The Union had in the end agreed upon a strong response to the **Russian** invasion of the Ukraine and towards its occupation of parts of Ukraine territory. But over and above that, Europe is divided about the seriousness of the Russian threat and ways to counter it. Poland and the Baltic states see this threat as imminent and existential. They cling to the United States in the hope of countering the Russian threat and they do so even at the cost of thereby hurting the European project and European cohesion<sup>95</sup>

It is the **rejection of the model of liberal democracy** that poses the most serious challenge to the coherence of the European Union. The group of these "rejecters" is growing. Hungary could have once be regarded as a singularity. But later it had been joined by Poland, with others (such as present Slovenia under prime minister Jansa) seemingly on their way to also join the group. It is inconceivable that the Union could survive with many of its members removing themselves ever more widely from democracy.

Were Europe to overcome such obstacles to effective common action, there still would remain obstacles to its having a firmer role in global politics. With

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<sup>95</sup> And they are not shy – or they are naïve enough – to seek the benevolence of US president Trump who evidently relishes the opportunity to divide Europe.

the weakening of global political and economic institutions, the capacity to shape international economic and political relations reverts to regional organizations and regional powers. **Europe's readiness** to accept and act that role is **constrained** by its being surrounded by a difficult to manage **“arc of instability”**. The capacity to act as a firm “pole” in a regionalized, “multipolar” world is hemmed too, by vulnerability rooted in its **dependence** on extra – regional actors and influences.

The **“arc of instability and turmoil”**<sup>96</sup> surrounding Europe extends from Western Pakistan over the Middle East and the Arab peninsula to the Southern shores of the Mediterranean. That region has always been intimately connected to Europe<sup>97</sup>. Europe cannot escape that interconnectedness. The US and China are not faced with a similar dilemma. China is influenced marginally only by what happens in Vietnam; the US a bit more, but little still, by events in Mexico. Europe is in a worse situation. It is more intimately connected to difficult neighbors to its South and to its East. The breakdown of states, unending hostilities<sup>98</sup>, the lack of prospects and the emergent militant Islamism in this neighborhood has raised problems for Europe, which – like the problem of mass - irregular migration - are hard to tackle. One also should not dismiss the high *“opportunity costs”* of that situation. Europe would very much profit, were its neighborhood peaceful and prosperous.

**Europe cannot afford to limit its external relations to its most immediate neighborhood.** Its share of the world population is small and will be smaller still in the near future. Therefore, its internal market is too limited to deliver

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<sup>96</sup> I used to work for the Austrian Chancellor Bruno Kreisky, who in the early 80ies, had warned about the dangers emanating from this region in a speech before a Social – Democratic party congress

<sup>97</sup> As demonstrated by the influential French historian Fernand Braudel in his great work on the Mediterranean. The Mediterranean sea had not been a border separating Europe from Africa and Asia. It had functioned as a mixing bowl

<sup>98</sup> The fluid situation created by the hostilities in this “arc of instability” attracts interference by non – European powers. .

the proper “economies of scale” for competitive production . On the other hand, Europe will stay dependent on imports of raw materials and of agricultural products. That implies continued reliance on the world markets. Europe will also need to compensate for the decline of its indigenous population by – controlled -immigration from non – European states.

To sum up: The reversal of economic globalization and the waning of global political multilateralism is not to Europe’s advantage as its future economic and military security will continue to depend on cooperation with non - European powers and actors. That calls for greater European “*strategic autonomy*” , and therefore for true progress in European integration – especially in the realm of foreign and security policy. The Union should employ such capacity in attempts to preserve as much as possible from multilateralism; by selectively seeking alliances with mayor extra – European powers; and by shielding itself as far as possible from hostile outside influences and attacks.

Is the European Union up to these tasks? We might be tempted into saying “yes” if we look back on past challenges to the Union and on their having been mastered. Integration had been deepened in the response to such challenges. New policy fields had been entered by the Union and new tools had been created for that purpose.

We might arrive at a much more negative conclusion in view of the Union’s growing inner tensions and the divergence of policy positions held by its individual members<sup>99</sup>.

The gap between these countervailing tendencies opens a wide area of uncertainty. Weighing the probabilities and past experience nevertheless

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<sup>99</sup> The „Franco – German” axis seems no longer strong enough to compensate for the centrifugal tendencies created by the egoistic nationalism of many Union member countries.

make for **cautious optimism**. The European Union is likely to do better than it was supposed to do in the two scenarios sketched by the London “ECONOMIST”. But that still will not make it into power equal to China. Neither will it empower Europe to replace the United States as a “benign hegemon” sustaining a mutually beneficent global order. That cautious optimism is contingent, furthermore, on Europe not becoming sucked into a world – wide disaster, in the worst case into a third World War resulting from the escalating confrontation between China and the United States escaping political control.

### **The rise of China: escalating conflict or accommodation?**

China is rising, aiming to compete with or replace the United States as regional power in the Pacific or even as global power. Is the resulting conflict bound to escalate and even take the form of open warfare? Some argue that this would be in line with a mechanism that, in ancient Greece, had allegedly prompted Sparta to wage preventive war against ascending Athens. In a description of this war, the Greek historian Thucydides<sup>100</sup> had seen it as inevitable that a declining Sparta would eventually be forced to wage war against rising Athens.

An American political scientist<sup>101</sup> had later assigned general relevance to this theory of the Greek historian. Between rising and fading powers, wars would be bound to occur. Tragically and inevitably, the two sides would be caught in what he called the “**Thucydides trap**”.

The rapid rise of China progresses on many fronts. It progresses by the sheer volume of the Chinese economy; by the growing sophistications of this

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<sup>100</sup> In his account of the Peloponnesian wars

<sup>101</sup> Graham Allison, basing his theory on researching 16 cases of rising powers set against declining powers. Wars ensued in 12 of these 16 settings.

economy; by the massive investments in education, science and infrastructure; by China's inner cohesion sustained by effective government, by discipline, occasional repression, but mainly through the satisfaction of citizens content with their rising wealth<sup>102</sup>;

This rise had been facilitated by an accommodating international regime and environment. China's economic development had been "export led" to a large extent. It profited from globalization that opened access to the world markets. It profited from membership in the World Trade Organization, which even had granted it the privilege of being ranked a "developing country", permitting China to escape some of the burdens of economic reciprocity. The existing world economic regime also facilitated China to acquire modern technology and it permitted China to use incoming foreign direct investment for that purpose.

At the beginning, that rapid development took the form of a "**peaceful rise**" as it had been promised by the earlier *paramount Chinese leader Hu Jinxiao*. At the outset, the rise of China could be depicted as being to the mutual economic advantage of both China and of its economic partners. The rise was assumed not to rattle the order established in the Pacific region and the economic/political global order in general.

By now, under the paramount, life – long leader **Xi Jinping**, the setting has changed. China is clearly resolved to alter the regional and global status quo. It has modernized its army and has drastically increased spending on its military. The military has been handed arms for offensive warfare ( as are, for example aircraft carriers, submarines and intermediate missiles that target Taiwan ).

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<sup>102</sup> Outside observers have registered countless, often violent protests taking place in China. . But these protest seem to have local causes mainly. They also have remained local and therefore not of a nature to undermine the tight rule of the Communist party

Disregarding rulings by an International Tribunal, China has claimed and militarily fortified artificial islands in the South China Sea, potentially threatening sea lanes that are being used by a third of all global sea going commerce.

China has acquired high – level foreign technology both by the targeted purchase of US or European high tech firms; and also by illicit means of espionage. No longer content with shielding its own politico/ economic system from foreign criticisms<sup>103</sup>, it now has turned the tables by going on the ideological offensive in claiming the superiority of its own system. Under its “Belt and Road” Initiative, it has gained influence in regions such as Africa or Latin America that had been considered European or US backyards. It even has established a foothold in Europe itself by institutionalizing cooperation with poorer, Central and European states (the majority of them members of the European Union ) in the so called 1 + 16 China/CEEC<sup>104</sup> group.

That way, conflict potential with the US and with Europe is accumulating, raising for many the specter of the “Thucydides trap” with escalating hostility potentially ending in warfare. As it seems, both China and the US feel obliged to not exclude this eventuality. They thereby make more likely what they should wish to avoid under all circumstances.

Europe should not be naïve about, and should not belittle the Chinese challenge. It should stand its ground in the fight against unfair or illegal Chinese practices such as the targeted acquisition of leading European technology or against Chinese exports being subsidized by state – banks. It should stand ready to defend its democratic values and its belief in human rights in the

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<sup>103</sup> Shielding the Chinese public, inter alia, by an “electronic firewall” that filters out information the government does not wish its citizens to read.

<sup>104</sup> The arrangement provides for annual meetings between the Chinese Prime Minister and its 16 East/ Central European counterparts. The secretariat of this organization is in Beijing



conviction that these values are universal and the base of peace among nations.

But Europe should abstain from lecturing China about the best ways to govern and from vain efforts to pressure China into altering its political regime. That regime is there to stay. Europe has to accept as inevitable China's becoming a global power, equal at least to others. European politicians and diplomats should not share the illusion of US strategist who believe that one could prevent or stifle that rise by building a coalition of states ready to counter it even at the cost of war.

The world stands at a turning point , with global cohesion weakening and the past returning in the form of great power politics. The world will separate into regions each dominated by one of the great powers. The region of the Pacific will be contested between the US and China, with the US having the advantage of more allies, and China the advantage of greater size and weight.

This contest that will define the later part of the century. As all such vast past conflicts, this one too is apt to suck in outsiders – Europe not exempt. It is for this reason that Europe should help to mitigate the conflict and try to keep it from turning violent. In a similar situation in the past, one had been successful in such an attempt. The Helsinki Accords of 1975, established a modicum of mutual trust. They reduced risks of unpleasant surprise and of unfounded escalation. That example could be copied in the Pacific region – now the epicenter in the struggle for global dominance. Unfortunately, Beijing has repeatedly rejected similar attempts to multilateralize the discussion of security issues. Relying on its own and growing weight, it prefers to deal with them on a bilateral level.

The example of the Helsinki Accords also sheds doubt on the whole theory of a “Thucydides trap” and on the alleged inevitability of war between ascending and waning powers. There is no valid reason why the US and China could not settle their conflicts, agree on a common regime in the Pacific and live together peacefully. In fact this is what their real interests would call for. That more benign option is not foreclosed by any iron law of history that would push the two sides into murderous conflict. The conflict is not rooted in incompatible interest. It is based on controversies having escaped control and having become self – re enforcing. That dangerous development has been aggravated – and has become difficult to stop - because of aggressive nationalism. On both sides of the Pacific, aggressive nationalism had been fueled and used by political leaders not afraid to ride – to their advantage - the ferocious tiger of this emotion.

Was World War One caused by insurmountable conflicts of basic interest? Hardly! World War One ( the European civil war that ended the European Century ) was it caused by ardent, aggressive nationalisms and by the leaders that promoted it in the illusion of being able to use and master it.

Whichever turn developments in the Pacific might take, -Europe’s is bound to be affected not at least in view of its sizeable economic interests in the region. That should motivate continued engagement. But, on the other hand, Europe’s political/strategic influence in the region is and will remain limited. Its attempts to mitigate conflict could very well remain inconsequential. Were developments in the Pacific region to become truly threatening, Europe should avoid being sucked into a whirlpool of escalating threats and violence. Two world wars were enough for Europe.

## **Transatlantic relations: the bonds continue but become weaker**

Other than Europe, the US can withdraw more readily into a more limited international role. The example of the World Trade Organization WTO mentioned before is valid too for many other institutions and forms of multilateral world – governance. It comes easier to the US to do without them. That does not imply that the US should or would seek wholesale isolation from the rest of the world. But a US concentrating on its well shielded part of the world and on its competition with upcoming China, would have a lesser role in global politics. It would invest less in global security and global cooperation. In regions where it holds few direct interests, such as Africa, the Middle the US would then become a simple spectator.

Given the tight economic, political, military and cultural transatlantic connection, Europe will certainly continue in being an area of interest to the US. But that interest will be lower than it has been in the past. Tight economic relations will continue to prove valuable and in need of care and attention. In strategic terms too, Europe will be useful to the US; particularly so in the realm of US / Russian - now mostly hostile - relations. But here too, proportions have changed since the height of the Cold - War. With an economy not bigger than the Spanish one, **Russia** might be capable of acting as an irritant and spoiler. But it poses no long term, serious strategic threat to the US.

Seen from Europe, things look different. Europe may not look at Russia with the same equanimity. Russian maneuvers faking landings on the shores of the Baltic states, or faked nuclear explosions over Warsaw are meant to intimidate. Of course, Russia does not really intend to start a war in Europe. Its aim is to unsettle and divide; and to split the US / European military alliance.

Russia can cause , and has caused, real damage to Europe. It did so to great effect by interfering in internal European politics; by promoting the British separation ( = BREXIT ) from the European Union; and by the support of nationalist, anti European Union political movements. It did so by threatening to cut the glass fiber undersea cables that connect Europe to the US. It did so by murdering dissidents that had taken refuge in Western Europe. It did so by breaking the long lasting peace in Europe by invading parts of the Ukraine and thus breaking the taboo of never changing the post World War Two European borders. It did so by threatening a plot against the elected government of Montenegro so as to prevent this country's accession to NATO; etc.

Seen in the perspective of the nearer future, the uneven but still shared interest of countering revisionist Russia will unite both sides of the Atlantic. In the longer term, the unevenness of that interest might make for greater distance between Europe and the US. The US relations with Russia did not follow an even course. That could be the case for the future too. US / Russian relations could very well swing between the poles of ferocious hostility, of accommodation, or of simple neglect.

Europe must hold to a steadier position. It must stand resolutely against the Russian attempts of destabilization and intimidation. But it also must keep alive a dialogue with Russia and keep alive the prospect of Russia eventually returning to Europe.

Those basic difference are bound to impact on the US /European military alliance. In face of present Russian challenges, NATO and the US military partner have become more valuable, more indispensable to Europe. But in the longer run, Europe will have to seek greater autonomy in its relations to Russia, and greater autonomy in security arrangements with the US.

It is similar in a way with US and Europe and their relations to China. Here too, the long term prospects differ. In the short term, US and Europe are joined by a common interest to oppose China's abuses in the field of trade, investment and technology and its disregard of international law. But in the long run and with the threat of US / Chinese differences escalating, Europe should be aware of not being bound too closely to US policies towards China.

Economic relations between the United States and Europe will continue to be close; but not as close as they had been. Sooner or later, Europe will have to react against US unilateralism, and against the weaponization of US economic might. That calls for greater European independence from the US financial system and, in particular, for greater independence from the US dollar in Europe's international trade. Frictions on IT technology and its regulation will become more pronounced as Europe will try to challenge the US dominance in this field and the connected economic and political advantages the US draws from this dominant position.

Both the US and Europe are both inclined by now to disengage somewhat from all too tight globalization. Both seek greater economic and political autonomy. The United States could go further in this quest, while Europe is destined to remain much closer engaged with the rest of the world. The US is more independent. As an island- continent "*from sea to shining sea*" it can survive quite comfortably both in economic and in military terms without too much dependence on the resources, the cooperation and the goodwill of others.

US and European political culture and political values still resemble another. The US and Europe have more common in that field than they have with the political culture and the political values of any other region or state. But European and US political culture and political values will remain distinct nonetheless.

The Transatlantic political relations can no longer be as one – sided as they had been in the past, with Europe tamely following the US lead. Having become unused to do so, Europe is now forced to become more articulate in defending its proper interests. While these might still largely converge with the US ones, Europe will nonetheless have to realize that this will not always be the case and that its interests are not always identical with those of the US; and that European interest might even come to conflict with American ones. That calls for more European **strategic autonomy**; and that in turn, for an end to its internal squabbles, and for regaining the lost capacity to effectively shape the global order it depends on.

#### **Four succeeding crises**

Four succeeding crises have triggered the circuit breakers in the then existing world system and have thereby interrupted “business as usual”:

#### **The world financial crisis of 2008**

#### **The crisis of mass migration**

#### **The COVID - 19 pandemic**

#### **And the looming crisis of climate change**

All these four crises have shown that the world still lacks the common will and the common tools **to adequately deal with them.**

#### **The world financial crisis 2008**

There had been some globally coordinate response to the financial crisis of 2008 ( a response mainly organized through the G- 20 ). A race of competitive devaluation of currencies had thereby been avoided. States agreed on the need to support overall economic demand and maintain the liquidity in their financial systems. Some of the lessons learned in these defensive actions later led to a coordinated<sup>105</sup> approach in strengthening the resilience of banks.

But states failed to deal in a similar way with the root causes of the crisis; namely with the glut of savings; with the excesses of finance and with its dominance over the economy; and with the noxious, high mobility of speculative capital. The instability caused by such failures still persists. Overabundant savings continue to feed speculative bubbles that threaten to burst. Speculation also makes for wide and destabilizing fluctuations in the value of currencies, in the value of real estate and in the price of essential raw materials. Capital becomes invested not in the “real economy” but in financial products ( often of dubious quality ). The failure to correct for these serious shortcomings and the lack of any viable alternative economic system has made citizens lose faith in politics and in their political representatives.

### **Migratory movements**

Migratory movements were common all through human history. What is new is that such movements have become massive and that they surge very rapidly. That is due to several factors:

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<sup>105</sup> Coordinated by the BIS = Bank for International Settlement

- - due to drastic *demographic imbalances*, with fertility rates being high above the “replacement level”<sup>106</sup> in some regions of the world, and very much below replacement level in other, mostly wealthy parts of the world;
- due to staggering *differences in wealth* with citizens in some rich states earning annual incomes more than hundred times higher than incomes in the poorest countries.
- Mass migration is due also to the growing availability of large distance travel and the ease of global communication.

To different degrees, wealthy countries had been ready and sometimes even eager to welcome migrants. But this readiness was contingent on the numbers of immigrants not being too high or not rising all too rapidly. Immigration over and above such levels has invariably caused serious backlash. Proof is provided in US history by succeeding waves of hostile reaction against mass immigration. It had first been directed against the migrants originating from Ireland; then against immigration from China; and later against surging immigration from Southern and Eastern Europe. At present, it is mainly mass irregular immigration from Latin America that shakes US politics. Donald Trump would not have become US president hadn't he played on the hostile backlash against this immigration and promised to shut it by “building a wall” at the border to Mexico. In Europe, cohesion in the Union was seriously threatened by the mass inflow of irregular migrants from the Middle East, when

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<sup>106</sup> The fertility rate needed to keep the size of a population constant is 2,1 children for each woman. In a few poor countries the rate is above 4, in a few wealthy countries it is below 1. The world over, fertility rates are in rapid decline. But the development is uneven and likely to affect and ultimately halt population growth in a more distant future only. Over the next decades, differences in the demographic development will widen, with a shrinking population in some parts and a rapidly growing one in others.



German Chancellor Angela Merkel opened the sluices by promising to accept these migrants into Germany, ( migrants which had to cross other European states on their way to Germany; and who could also profit from the EU's open borders to migrate further to other EU member countries once they had entered EU territory<sup>107</sup> ).

Anxiety over mass – immigration is being aggravated when the indigent population fears that politics have no handle on the problem and have lost control. That impression can arise easily and is being inflamed by unscrupulous politicians. It has changed the political landscape by creating new political divides supplanting the old left / right divide and driving the disadvantaged part of the population into the arms of the extreme Right.

### **The COVID – 19 pandemic**

The COVID – 19 pandemic has affected and will continue to affect the system of global interdependence. It will accelerate changes that have been underway already, such as the trends of de- globalization and protectionism , as states found themselves unable to import needed medical supplies; or found that the production of these items had been outsourced to faraway regions. Transnational supply – chains were cut, idling whole industries. Travel bans impeded the trans – frontier mobility of essential workers. That accelerated the shrinkage of world trade.

Both within countries and between them, the pandemic has further widened differences in wealth and income. While many workers became unemployed, those holding monetary assets could gain. Wealthier

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<sup>107</sup> To be precise: once they had entered the territory of an EU – member state that had acceded to the “Schengen Agreement” of open borders

countries could finance themselves by taking on debt at low interest rates. Poorer countries couldn't do the same.

Overall economic *demand will now remain depressed*, including the demand for raw materials. That will hit those poor countries<sup>108</sup> that rely heavily on the export of *raw materials*. The same applies to exporters of oil. Oil had been in oversupply when the crisis set in and prices had been low by then already. Oil prices therefore will remain low and insufficient to cover the public and private expenditures in countries that had relied on the export of oil to the exclusion of other forms of economic activity and to the exclusion of other sources of state revenue. Some oil-exporting countries – such as those in the Middle East - might go bankrupt.

Poorer countries will also be hit by the decline of *remittances* from those of their citizens that had found employment in wealthier states. These remittances add up to a volume bigger by far than all Official Development Assistance – ODA. As expatriates now become unemployed, they can no longer send money back to relatives in their original homeland.

Whole sectors of the economy – such as small retail or tourism will be wiped out. It will be hard to bring them back to life. Re-starting the economy will therefore be difficult and the economy will stay depressed for quite some time. Such a long-lasting depression could eventually translate into a world – wide financial crisis. This is the most serious danger by far. This danger has been recognized. Governments have

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<sup>108</sup> The G- 20 has agreed on a moratorium in the re – payment of loans granted to such countries. That might tie them over for some time; but that is no lasting solution if the depression of the world economy were to persist for a longer period

injected trillions into their economies to forestall a chain reaction of collapsing demand and the ensuing collapse of their financial systems.

The question still unanswered is to whether this will prove sufficient in the long run. What is clear though is that all of these counter – measures have not been coordinated on global level; as they should have been. It is obvious too, that the crisis caused by the pandemic has coincided with a worsening of global economic relations; with looming trade wars; with unilateral economic sanctions; and with the mounting irrelevance of institutions such as the World Trade Organization that were designed to govern the world – economy . That is a dangerous coincidence.

### **Climate change:**

There can be no serious doubt on whether climate change is real and is caused by man- made emissions of “greenhouse gases”. There can be no serious doubt either on its having a deeply negative impact. The danger has been recognized long time ago. That had prompted international action to limit such emission, first by the Kyoto Protocol signed in 1997, and later by the Paris Agreement signed in 2016. Taking politicians and diplomats at their word, fighting climate change should have become a priority in international and national politics. But politics has proved either impotent or mendacious. Greenhouse gas emissions continued to rise<sup>109</sup>. A wide gap has opened between what national and international politics wanted (or pretended to want ), and what politics had been actually able to deliver. The credibility of national and of international

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<sup>109</sup> According to the US Environmental Protection Agency, worldwide carbon emissions from fossil fuels has even doubled from about 5.000 million metric tons in 1990 to about 10.000 metric tons in 2010.

politics has suffered and will suffer even more in the future as the damage caused by rising temperatures will become more evident.

All these four crisis are global at their core. Yet global international cooperation has not been in place so as to provide an adequate response. That has strengthened tendencies to shift politics back to the national level with the consequence that the global challenges were not met; and that the divergent interest of nations increased international friction and conflict.

### **What are we talking about? 1930 or 2020?**

The crisis with its worsening of both the internal situation in “Western” countries, and the worsening of relations between them, had been preceded by excesses of financial speculation and by excessive inequality of wealth and income. When the crisis set in, mass unemployment robbed thousands of income, economic security and dignity. Economies contracted in a downward spiral of deflation and ever lower expectations. States failed to counteract effectively. They accorded priority to preserving the interests of wealthy owners of financial assets; and they neglected the interests of the wider population that depends on income earned through labor.

States sought to steady employment, investment and incomes by curtailing imports. But this surge in protectionism only resulted in a shrinking of world trade and of overall economic activity as somebody’s imports were at the same time the exports of somebody else.

Rising unemployment, stagnating wages and a persistent inequality in income and quality of life put pressure on democracies. Many of them could not cope. A number of states even changed from a democratic to an authoritarian form of government. The process of decay and reversal of democratic governance was most pronounced in the Eastern parts of Europe. But democracy also suffered in other European states. Only a tiny handful of “Western” democracies was unaffected.

Faced with problems they were unable to solve, political leaders sought to cement their hold on the public by diverting its anger and frustration through cultivating myths of national exclusivity; by inciting hostility against minorities; by blaming other states for their proper difficulties; and even by engaging in costly and unsuccessful military adventures abroad.

A narcissistic self – promoter, supported by wealthy business, came to instrumentalize the insecurity, frustration and resentments of the electorate in order to become the nation’s leader. The blind loyalty of his closer supporters enabled him to remove step by step the legal obstacles to his ever more authoritarian, erratic rule.

A world – wide assembly of nations had been created in the aftermath of the world war with the mission to prevent such future wars. Though it tried, it failed to live up to its mission. Sanctions it had imposed so as to punish aggression, were disregarded by those they were aimed at. The assembly also failed in the prevention of a renewed arms race.

A mayor state that had lost out in an earlier confrontation over power and territory, later felt thwarted in its aspiration to respect and status. It escalated hostility towards other states and even started war by occupying what had been the land of a neighbor.

A way back to greater harmony seemed foreclosed. The only way open seemed the one forward to even greater destructive competition and hostility.

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**Who says that history does not repeat itself?**