# THE CONSERVATIVE

A PERIODICAL PUBLICATION BY THE ALLIANCE OF EUROPEAN CONSERVATIVES AND REFORMISTS

# EUROPE IN REVOLUTION

HOW BREXIT AND MIGRATION ARE OVERTURNING THE OLD ORDER

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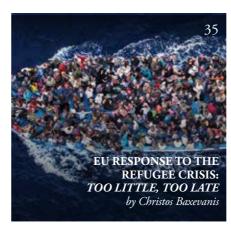
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## THE MIGRATION CRISIS AND ITS EFFECTS ON EUROPE

# CONSERVATIVE APPROACHES TO MIGRATION POLICY REFORM AND THE AUSTRALIAN EXPERIENCE

An interview with Tony Abbott, former Prime Minister of Australia

Tony Abbott discusses the migration policy reform he implemented during his time as Australia's Prime Minister (2013-2015) and urges Europe and its leadership to take a hard stance on illegal migration. He emphasizes on how misconceptions about the nature of refugee/ migrant status leads to a false moral responsibility narrative and subsequent worsening of the migration problem.

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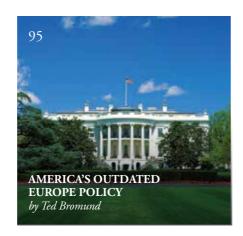
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Daniel Hannan MEP

elcome to The Conservative, a new quarterly journal. Here is a space for original Centre-Right writing of every hue, from monarchist to minarchist. The one thing that the contributors have in common, as conservatives, is that we are driven by love rather than hate. Not for us the grievance and victimhood that characterises large parts of the Left. Not for us the desire to tear things down. We are moved, rather, by respect for the things that make us what we are: our nations, our laws, our families, our customs. We appreciate the wisdom of Edmund Burke, the godfather of modern conservatism:

"Rage and frenzy will pull down more in half an hour than prudence, deliberation, and foresight can build up in a hundred years."

The Conservative is sponsored by the Alliance of European Conservatives and Reformists (AECR), the main Right-of-Centre political bloc in Europe. AECR brings together a variety of parties, each with its own national traditions, united around broad principles: property, freedom, enterprise, patriotism. A similar pluralism will infuse every issue of this magazine.

In this edition, we concentrate on the migration crisis and what it means for Europe.

We are at the start of a mass movement of peoples, a Völkerwanderung made possible by rising wealth and rising aspirations in Asia and Africa. Last year, I was part of an AECR social action project working with underage migrants in Italy. Many of the people being landed by the coastguard came with smartphones and, on reaching land, asked immediately for Wifi. Their phones were the key to the phenomenon: those little screens made possible journeys which the grandparents of those migrants, living on subsistence agriculture, could not have contemplated.

How Europe deals with the Völkerwanderung is arguably the most important question of our age, and some of Europe's foremost policymakers propose solutions in the pages that follow. We also carry an interview with the former Australian prime minister, Tony Abbott who, perhaps more than any man alive, can point to a successful resolution of a migration crisis, having ended the humanitarian catastrophe of people smugglers reaching Australia by water.

As well as the migration issue, we consider the effects of British withdrawal from the EU and the related question of how transatlantic relations are developing. In this, as in every issue, we aim to run cogent, concise and clever essays. I hope you enjoy what follows.



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# CONSERVATIVE APPROACHES TO MIGRATION POLICY REFORM AND THE AUSTRALIAN EXPERIENCE

An interview with **Tony Abbott**, former Prime Minister of Australia

Themistoklis Asthenidis: You are known to have taken a hard stance against illegal migration. Under your premiership, Australia adopted a stricter border control system, effectively intercepting vessels carrying migrants and refugees before reaching the country's coasts. Is the solution as simple as stricter border control, or are there any other key elements of the Australian migration policy reform?

**TONY ABBOTT:** Australia had a relatively modest influx of boat people under the Howard Government but it had been largely stopped by 2002 through offshore processing (so that people arriving by boat didn't initially come to Australia), temporary protection visas for people found to be refugees (so that people arriving by boat could not expect permanent residency in Australia) and – on four occasions – turning boats back to Indonesia from whence they'd come.

These policies were denounced by the human rights lobby as cruel and even illegal and were promptly abolished by the new Labor Government in 2008. Within a couple of months, the illegal boats started again. And why wouldn't they, if making it to Australia meant a new life in a country that was generous to newcomers?

From 2008 till 2013, there were nearly 1,000 illegal boats, more than 50,000 illegal arrivals by boat, and more than 1,000 known drownings. Under these circumstances, stopping the boats became an absolute moral imperative because the only way to stop the deaths was to stop the boats.

In the peak month alone, July 2013, there were almost 5,000 illegal arrivals by boat. In response, the former Labor Government belatedly re-opened

INTERVIEW TONY ABBOTT



Howard-era offshore processing centres on Nauru and at Manus Island – and the numbers dropped to 1,500 arrivals the following month – but it refused to countenance boat turn backs or temporary visas for people arriving illegally by boat.

My position was that Australia would: first, work with the Indonesian government to stop illegal boats leaving in the first place; second, prevent boats from landing in Australia wherever possible; third, process offshore anyone coming to Australia illegally by boat; and fourth, deny permanent residency to anyone coming illegally by boat. In other words, they wouldn't leave, they wouldn't land and they certainly wouldn't stay.

On coming to office in September 2013, my government added some refinements to the Howard-era policies: first, under Operation Sovereign Borders, there was an integrated chain of command under a senior military officer; second, there was a news black-out on operational matters because media attention tended to become propaganda for people smugglers; and third, and most important, we provided unsinkable life rafts when people smugglers scuttled their boats so that their customers could return to Indonesia rather than be taken aboard Australian ships.

Under Operation Sovereign Borders, the Royal Australian Navy and Australian Border Force have intercepted and turned around almost 30 people smuggling boats. By Easter 2014, people smuggling had virtually stopped and there have now been no illegal arrivals by boat for over two years. There has been some media hostility from Indonesia which resents the presence of would-be illegal travellers to Australia but the number of people entering Indonesia hoping subsequently to get to Australia has also dropped dramatically.

**Themistoklis Asthenidis:** Massive and uncontrolled flow of migrants and refugees from Syria, North Africa and the Middle East has revealed Europe's inability to enforce an effective migration policy response. Where do you attribute this failure to implement such policies? What are the critical steps European nations and the EU as a whole must take in order to safeguard EU and national borders?

**TONY ABBOTT:** Europe has made two fundamental mistakes: first, it has confused the duty to help people in trouble with an obligation to give people permanent residency; and second, it keeps describing as "asylum seekers" people who are actually illegal migrants. An asylum seeker is someone seeking sanctuary from imminent danger. Anyone who has moved beyond a place of refuge seeking a better life is a would-be economic migrant.

Themistoklis Asthenidis: What is your opinion on the agreement between the EU and Turkey on readmission of failed asylum seekers? Can it be an effective solution in tackling migrant flows?

**TONY ABBOTT:** Obviously, it's easier for would-be illegal migrants to cross the Aegean Sea (or even the Mediterranean) than to navigate the 200 miles between Java and Christmas Island. There's also the land border between Turkey and Europe. In the end, the only way to stop people coming illegally is to make it physically impossible, either through a naval screen or a closed border. A tough policy is the only truly compassionate one because as long as people think "if you can get here you, can stay here" the people smugglers will stay in business and the drownings will continue.

Themistoklis Asthenidis: During the Second Annual Margaret Thatcher Lecture in October 2015, you spoke of "a misguided altruism" that Europe shows towards migrants and refugees. On the other hand Germany's Chancellor speaks of the responsibility of Western nations, and follows a more welcoming approach to migration. Are nations with stricter immigration laws less ethical or altruistic, and how far does our duty to help extend?

**TONY ABBOTT:** Any response that makes a problem worse is not a moral one. Europe's "responsibility" is to support countries and people where they are first seeking safety – not to admit ever growing numbers of outsiders seeking a better life.

Themistoklis Asthenidis: Going back to that same speech at the Second Annual Margaret Thatcher Lecture, you mentioned that the "love your neighbor" imperative is "leading much of Europe into catastrophic error". Is Europe weakening it self through migration?

TONY ABBOTT: I'm a supporter of migration but migration has to be in a country's national interest or it will never have popular support. That's why governments - and not people smugglers - have to control who comes under any rational migration arrangements. As well, there has to be a clear expectation of migrants that they will "join the team".

Themistoklis Asthenidis: Can mass-migration and respective social unrest play a role in shifting European political landscape?

**TONY ABBOTT:** If people think that their government has lost control of the country or is failing to govern in their nation's best interests they will seek a better government. Why wouldn't they?

Themistoklis Asthenidis: Can there be any permanent solution to migration? Is the solution to the refugee crisis more foreign/humanitarian aid? Can there be a more effective methodical and rational approach than patrolling borders?

**TONY ABBOTT:** There has to be an effective response to what could easily become the peaceful invasion of Europe. People need to understand that there is no right to leave one country to enter another except to avoid imminent danger. People also need to understand that our duty to people in danger is to keep them safe as far as we can; not to give them permanent residence.



The Hon. Tony Abbott MP was elected Prime Minister by the Australian people on 7 September 2013 and served for two years. In his time as Prime Minister, the carbon and mining taxes were repealed; free trade agreements were finalised with China, Japan and Korea; the people smuggling trade from Indonesia to Australia was halted; and Australia became the second largest military contributor to the US-led campaign against ISIL in Iraq. As Opposition Leader, he reduced a first term Labor government to minority status before comprehensively winning the 2013 election. He has been Member for Warringah in the Australian Parliament since 1994. He has degrees in economics and law from Sydney University and an MA in politics and philosophy from Oxford which he attended as a Rhodes Scholar. He is the author of three books.



## IT IS HIGH TIME TO RESOLVE THE MIGRATION CRISIS FOR GOOD: EU POLICY FAILURE, NATIONAL PRIORITIES, AND A COMPREHENSIVE ANSWER TO MIGRATION CHALLENGES

#### by Roberts Zīle

nother year is slowly coming to an end, but there has been very little progress made towards solving the migration crisis that has become Europe's number one problem. Even though there have been many initiatives to date, the measures proposed and taken have been ineffective. Some of them have resulted in everything but their aim.

The migrant quota system has arguably been the biggest policy failure within the context of the crisis. There have been many attempts by Jean-Claude Juncker's European Commission to promote such schemes one way or another. Those were wrong moves. First, the relocation plan has been unsuccessful in achieving its very objective. The numbers speak for themselves – to date there have been fewer than three thousand migrants relocated within the EU.

More importantly, the quota system, whilst officially intended as mecha-

nism of solidarity and burden-sharing amongst the EU states, has led to discontent between Brussels and the national governments as well as among the states themselves. The lukewarm acceptance of migrants by countries has been interpreted by some in Brussels and elsewhere as a sign of xenophobia and racism propagated by the respective governments. Yet it was the tone, the form and the ways by which the quota scheme was pushed through that caused the unease. The national governments that protested have rightly said that their - and their people's – concerns must be taken into account. The dismissal of the governments' legitimate worries initiated retaliatory measures. The forthcoming referendum on migrant quotas in Hungary – where the majority of voters are expected to reject the imposition - is one such example.

One must also understand that the EU countries that used to be part of the Soviet Union or its satellites do not

have a sufficient experience and readiness to accept migrants. Moreover, countries like Latvia and Estonia that already have a significant majority of immigrants due to deliberate historical policies by the Soviet Union are not yet capable of successfully integrating any more new migrants.

There is also the harsh reality of differences in social standards amongst the

The migrant quota system has arguably been the biggest policy failure within the context of the crisis. There have been many attempts by Jean-Claude Juncker's European Commission to promote such schemes one way or another. Those were wrong moves.

EU states. No amount of EU money handed per migrant relocated will result in significant improvement in well-paid job opportunities or general quality of life in most Eastern and Central European countries. Indeed, it is virtually unheard of that migrants arriving in Europe are picking Eastern European countries as their final destination.

The Commission, as part of its attempt to tackle the migration crisis, has most recently announced another set of new proposals that officially seek to create common procedures across the EU for asylum seekers. The more implicit aim is unburdening of those EU states that are popular migrant destinations. To achieve the objective the Commission is willing to take "bolder" steps. In

addition to some existing directives becoming regulations, among other things, it wants the Member States to ensure that asylum seekers have access to job market within six months after an application is being lodged. For those applications that are likely to be well-founded the deadline is even shorter - three months. Other common social provisions are also laid down. By trying to harmonise the EU migration policies in this manner, the Commission is making fertile ground for further conflicts with unpredictable outcomes. In poorer Member States it will be a hard job to explain to public why migrants have to be treated better than some other groups of people.

What is more, the Commission's new proposals further cement its desire to limit secondary movement within the EU. In other words, a migrant who does end up somewhere in Eastern Europe because of the relocation scheme would be limited from moving on to another country of choice. In reality, this will be nearly impossible to achieve. However, the very attempt to limit the movement of people within the EU is dangerous. By doing so, we are threatening an effective functioning of the Schengen Area. This, in turn, can lead to other serious consequences including the breakup of the Single Market and the single currency as well as a fragmented European Union. There has already been a small preview thanks to some countries' unilateral decision to invite all migrants on the one hand and the retaliatory response by other states through border checks and closures on the other. Whilst temporary border checks may have been necessary in some cases, there is a danger that the emergency measures are becoming the new normal across the EU. A restriction-free travel around the whole of Schengen is the only way to insure smooth functioning of the Single Market and in the longer term – the very existence of it.

A recent Eurobarometer poll, commissioned by the European Parliament, revealed that 74 per cent of Europeans want the EU to do more to manage the migration crisis. This will no doubt be used as an argument by the EU federalists that the Commission needs to initiate more top down solutions, in-

cluding a revamped scheme of migrant relocation. Quite the contrary. The EU does indeed have to do more but the policies have to be different.

The guarding of external borders so as to reduce the absolute number of incoming migrants has to become the number one priority. Although there have already been steps taken, including the deal with Turkey, more can be done. Without strong external borders the crisis will never cease and no amount of talk about solidarity will improve the situation. As part of the plan to secure the borders, consideration should be given to more profound measures including a migrant pushback scheme. Further, the illegal business of people smugglers must be stopped. The smuggling has emerged as one of the



most financially lucrative trades with little legal risks. This also strengthens the role of criminal networks which creates a number of other problems.

At the same time, the aforementioned migrant relocation schemes within the EU, whatever form they take, should be reworked. They are hindering the goal of working out a comprehensive EU answer to the migration problem and are not even in the migrants' best interests.

This will no doubt be used as an argument by the EU federalists that the Commission needs to initiate more top down solutions, including a revamped scheme of migrant relocation. Quite the contrary. The EU does indeed have to do more but the policies have to be different.

More generally, the EU strategy to combat the migration crisis, whilst acknowledging the rights of the migrants, has to be permanent, sustainable, respect the sovereignty of individual Member States as well as take into account the legitimate concerns voiced by their governments. This is no easy task, but it is achievable with a concerted effort. It is a known truth that one should not wait until the crisis hits to come up with a plan to fight it. This has already happened. It is high time to fix this migration crisis which, if unresolved, risks tearing apart the already thinning fabric of the EU project. 💥



Roberts Zīle is a Member of the European Parliament (EP) since 2004 and is a member of the ECR group. Mr. Zīle is the ECR group's coordinator for the EP's Transport and Tourism (TRAN) committee and a substitute member at the Economics and Monetary Affairs (ECON) committee. He is also a member of the Delegation for relations with the People's Republic of China. Previously, Mr. Zīle was a member of the Latvian Parliament (Saeima) in its 6th, 7th, and 8th terms, with breaks from 1995 — 2002. Between February 1997 and November 1998, Mr Zīle served as the Minister of Finance. Later he served as the Minister of Special Affairs for cooperation with international financial institutions. In November 2002 he became the Minister of Transport and held this position until March 2004. Mr. Zile holds a PhD in Economics from the Latvian University of Agriculture in 1997 and is one of the founders of "Economists Association 2010". Between 1992 and 1994, Mr. Zīle interned at the Iowa State University in the USA, at the Brandon University in Canada, and at the La Trobe University in Australia.

### MAKING IMMIGRATION A FORCE FOR GOOD

#### by Sam Bowman

he problems with immigration are clear and pressing, but they should not blind us to the benefits as well.

Apart from the obvious and immediate challenge of the migrant crisis, European states have to deal with assimilating the children and grandchildren of immigrants who have become ghettoized, and natives' fears about the economic costs of immigration. There is a growing sense that Europe cannot cope with more migrant flows from outside.

Against these are the benefits. More immigrants means a higher total GDP, which make national debt burdens more manageable. Many immigrants provide mall but non-trivial boosts to natives' incomes and standards of living. Business is boosted by being able to hire and bring in talent from overseas, and entrepreneurial immigrants raise productivity and drive forward innovation.

There are costs, yes. But there are benefits too, and we'd do well to remember them.

For the purposes of policy discussion, it's useful to differentiate between three different kinds of immigrant: EU, non-EU skilled, and non-EU unskilled.

Although of course EU immigration includes both skilled and unskilled migrants, the policy response cannot differentiate between them.

It seems likely that whatever deal Britain strikes with the EU, it will include some limits on freedom of movement. Conservatives and free marketeers in other EU states may wonder if Britain is better off, even if this means less access to the Single Market.

The evidence, at least, suggests that this is not the case. A summary of the research around the impact of EU immigration into Britain by researchers at the LSE found quite consistently that, for EU immigrants at least, there was no negative job impact by a large number of measures.

Most simply, there did not appear to be any correlation between EU immigration into the UK and UK-born unemployment. Broken down by local authority area, there was no correlation between immigrant share of the population and either job losses or wage cuts. The same was true for unskilled native British workers only – there did not appear to be any relationship between their outcomes and immigration rates to their area.



This isn't terribly surprising, even if we take a fairly simplistic supply and demand view of things. Immigrants supply labour, yes, but they also demand labour – they spend their incomes on groceries and other things, creating about as many jobs as they've taken. That's a very crude way of putting it, but it might help us to understand why the empirics look so benign.

In fiscal terms, EU migrants to the UK contributed about £15bn in the decade up to 2011 (ie £1.5bn/year). Though this seems small, when you consider that we had a hefty deficit for much of that period, so the average person in Britain was a net drain on the public finances, it is not insignificant.

Immigrants allow for more specialisation and a deeper division of labour, increasing the productivity of native Britons and hence their wages.

However, the productivity boost differs greatly between different states: a 1 percentage point rise in immigrant share of the labour force in the US generates a 0.5 percentage point rise in native productivity, but only a 0.06 percentage point rise for native productivity in the UK. Across the OECD the relationship, fairly linearly, seems to be that freer labour markets make immigration more beneficial for worker productivity.

Immigrants are about twice as entrepreneurial as native Britons, with huge potential benefits for everyone – consider the jobs and innovation created by Sergey Brin, Google's Russian-born co-founder.

It is also widely accepted that large multinational firms give a heavy weighting to ease of moving skilled workers when deciding where to locate a branch – to attract (let alone to generate) the

Googles and Facebooks of this world, EU states will need to allow them to bring in the personnel they want.

When it comes to non-EU immigration policy, all this militates in favour of an immigration system that supports would-be entrepreneurs and highly skilled immigrants.

The case for unskilled immigration from outside the EU is weaker, particularly from countries where cultural differences may make integration and assimilation harder. Indeed these seem to be the main challenges of immigration that are not simply myths (as most economic objections are) and as such states may be tempted to have their cake and eat it too.

However, unskilled immigration from developing countries is an excellent development tool – indeed it may be the best policy for promoting international development we know of, since it provides such an income boost to the migrants and they send so much money home in remittances (three times as much as is sent in governmental development aid, globally, every year).

To this end, states may wish to consider replacing parts of their international development aid expenditure with guest worker programmes, modelled on the United States' diversity visa, which intentionally takes only a small number of people from any given country. This reduces problems of ghettoization, since new immigrants

do not have a large support network of their fellow nationals and have to develop language skills and integrate socially.

The presumption is also that workers on these visas will have to return home at some stage. Third-party liability insurance against the risk of overstaying and/or becoming a cost to the state (through dependency on the welfare system, for example) might also be a useful tool to mitigate the risks of taking in unskilled migrants.

Survey evidence shows that most people are not anti-immigration: they are anti-ghettoization, and worried that immigrants will hurt their incomes or job prospects. A responsible immigration policy will address these fears where they are real, and avoid throwing the baby out with the bathwater. Immigration comes with risks and costs, but immigration policy done right will address these and allow citizens of European states to reap the benefits too.



Sam Bowman is Executive Director of the Adam Smith Institute, a free market libertarian think tank based in London.



## WHY SOLVING THE MIGRATION CRISIS WON'T FIX EUROPE'S PROBLEM

by Leon Levy

ollowing World War II, Europe was beset by a flood of refugees of its own making. The fact that the refugees were Europeans themselves pulled the continent together, setting it on the road to integration and the European Union. These refugees gave Europe an overarching reason to put aside national differences and come together. And for 70 years, it by and large worked.

This time is different. The flood of refugees is not of Europe's own making. There is no sense of ownership; as such, there is no sense of responsibility for the problem. The world sees refugees from the Middle East and North Africa streaming into Europe and thinks of this as a continental problem. If only Europe agreed.

The problem begins at the national level. Across EU member states, populist parties—few of which were able to gain much traction until the Eurozone crisis took hold in 2010—have risen on the back of legitimate concerns for Europe's future: economic, social and cultural. And because these parties remained on the political fringes for so long, they've

been able to frame themselves as outsiders whose opposition to greater European integration was prophetic rather than politically expedient. Rather than trying to work with other countries to improve Europe's fortunes, they've found political popularity by threatening to tear it all down.

And because Europe lacks this sense of "ownership," the migration crisis is not something to be solved together, but something to be weathered individually by countries. Migration has become a zero-sum proposition, where fewer refugees for Hungary means more refugees for Austria (for example). This is the legacy of the ongoing Eurozone crisis, which was couched in terms of unity and solidarity but resulted in clear losers that stumble along to this day (like Greece). No one wants to be on the losing side of the migration crisis, and governments are taking steps to seal themselves off both politically and physically. That makes cooperation on policy and solving the current migration crisis that much harder.

These nationalist, separatist elements have always existed in European coun-

tries, just like they exist in countries around the world. There will always be people who believe that if they were given more autonomy, more sense of control over the future, any and all problems can and will be solved. If only it were that easy.

We now live in an era of globalization, and our problems are global ones. There is no country in the world that can single-handedly handle the influx of 4.8 million Syrian refugees, the number of Syrians that have fled their home country according to UNHCR. No country can single-handedly handle the threat of Islamic terrorism that faces the world, a wholly separate issue from migration that often gets conflated with the migration crisis for political reasons. And this is only getting worse; there will always be people who see political gain in railing against the "other," whether they be terrorist or refugees, harkening back to a simpler, happier and imaginary time when people's problems and threats were smaller and more manageable.

The world today is a decidedly better place than it was 70 years ago, even if it feels more threatening. For the first

No one wants to be on the losing side of the migration crisis, and governments are taking steps to seal themselves off both politically and physically. That makes cooperation on policy and solving the current migration crisis that much harder. The flood of refugees is not of Europe's own making. There is no sense of ownership; as such, there is no sense of responsibility for the problem. The world sees refugees from the Middle East and North Africa streaming into Europe and thinks of this as a continental problem. If only Europe agreed.

time ever, the number of people living in "extreme poverty" has fallen below 10 percent according to the World Bank. Terrorism figures in the West have fallen significantly compared to the 1970's and 1980's. Wars no longer engulf half the planet. Yet half the planet turns on their television and smartphones and feel that they're just a short hop away from being on the front-lines themselves. The human mind has not evolved quickly enough to make sense of this overload of new information. The amount of technological change of the last 70 years requires thousands of years of evolution to properly equip the human mind to process all this information, to properly assess what's an actual threat to them and what isn't. The result is often paranoia and sometimes panic.

But it's more than just technology. It's globalization itself. Globalization has been a net positive for the world, even if it often doesn't feel like it, especially for Europeans, who along with Americans have made up the bulk of the world's "global middle class" for the last half-century. Those who have seen the most immediate returns from

globalization are those that started at the bottom rung of the global economy, the hundreds of millions of Brazilians, Chinese and Indians (for example) lifted out of absolute poverty. It's also disproportionately benefited the already-wealthy, which is a whole other problem.

For people who had nothing, now having something is an obvious sign of improvement. But for those in the middle, the improvements appear minimal. Milk and basic goods are cheaper, yes, but that matters little when you have no job to pay for these staples. This has little to do with the current migration crisis, but it has much to do with globalization, where a crash in

the US economy in 2008 reverberated across the world and exposed the weak links of the EU economic system. These fault lines had always existed, but were papered over by a global economy that was roaring in the beginning part of the 21st century.

Now Europe is forced to reckon with these realities, exacerbated by the migration crisis coming from the east and south. And because the problem

Resolving the migrant crisis can't, by itself, address the deeper problems that gave rise to populism or resolve the dilemmas it creates. Plenty of Europeans have good reason to be skeptical of Europe's unified future going forward, but rather than pointing fingers at the institutional inadequacies of the Union, many politicians point their finger at migrants. And while that may be a satisfying political pitch, it won't cure what really ails Europe.

is so deeply grounded in the politics of economics and labor, the sudden infusion of 2.7 million Syrian refugees currently being housed in Turkey is a frightening prospect; there will be fewer jobs and benefits to go around.



But Europe was in serious trouble long before ISIS reared its ugly head. Even if ISIS were to disappear tomorrow and the refugees were to return home, the same underlying weaknesses of the European economy would persist.

Sadly, the migrant crisis is a diversion from Europe's more serious problems, and ending it won't solve them. This migrant crisis detracts from the legitimate criticism of the EU and its institutions, namely that a monetary union without a fiscal union is a recipe for disaster. There will always be an element of society that believes "others" are to blame; look at the rise of Donald Trump in the United States. America's saving grace in this instance is a two-party system, and the threat his particular brand of populism poses will be defeated along with him in November. Parliamentary systems don't have that luxury; these populist parties will continue to make waves in their national parliaments, and the continuous threat they pose to established political forces will make working with other European countries that much more difficult.

Resolving the migrant crisis can't, by itself, address the deeper problems that gave rise to populism or resolve the dilemmas it creates. Plenty of Europeans have good reason to be skeptical of Europe's unified future going forward, but rather than pointing fingers at the institutional inadequacies of the Union, many politicians point their finger

at migrants. And while that may be a satisfying political pitch, it won't cure what really ails Europe.



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## MIGRATION CRISIS: ADDRESSING NATIONAL CHALLENGES WITH A NEW, SUSTAINABLE MIGRATION SYSTEM

#### by Bernd Kölmel

The unprecedented influx of migrants to the European Union shows that effective functioning of the Schengen-agreement and the Member States' immigration and integration systems are not made for rainy days. The protection of the external borders in order to reduce the number of incoming migrants and to end human trafficking is essential and should be an absolute priority for the EU institutions. ALFA and the ECR Group believe that a coordinated immigration system which respects sovereignty of individual Member States will in the long run increase real and meaningful solidarity and allow a sustainable immigration into the EU.

odays' migration crisis in Europe is a result of a collective catastrophic failure to respond to the urgent need for assistance and protection in the Middle East.

Germany has, since the beginning of last year, received in total terms most of the asylum seekers within the EU. This is actually a surprise given the fact that Germany has no external EU-borders and according to the Schengen *acquits* and the Dublin Regulation, the Schengen border must be protected and asylum applications must be made in the EU country in which a protection seeker enters first.

Much more of a surprise is the fact that the German proponents of the current "welcoming culture" impose it to the rest of Europe. Whilst the federal government of Germany initially still counts on the support of Austria and Sweden with its policies, the tone has clearly changed, and the vast majority of the governments and citizens are not in favour of receiving unlimited immigration anymore, whether they are refugees or economic migrants.

In particular the Central and Eastern European Countries, as well as others, still ask for the preservation of public order and sovereignty as well as for the

Most EU member States don't want to hear anything about a sustainable distribution model until the influx of migrants can be effectively controlled. However, this doesn't mean that people have become heartless in many parts of Europe. Rather, they have kept their common sense. Addressing the crisis locally with protection and assistance in the Middle East is much more effective and would break the business model of human traffickers and deter further asylums seekers from making the perilous journey across the Mediterranean Sea.

> legitimate processing of asylum applications. Proponents of "We can do it" by Angela Merkel realized that desperate appeals bear little fruit in terms of a constructed European solidarity.

> As a large member of the EU, Germany seems to forget that there are other views besides the German one, which differ widely. This lack of understanding has become clear, among other examples, in the violent reactions of co-guests to statements by foreign politicians on German television.

> But the truth is that most EU member States don't want to hear anything about a sustainable distribution model until the influx of migrants can be effectively controlled. However, this doesn't mean that people have become heartless in many parts of Europe. Rather, they have kept their common sense. Addressing the crisis locally with protection and assistance in the Middle

East is much more effective and would break the business model of human traffickers and deter further asylums seekers from making the perilous journey across the Mediterranean Sea.

Finally, we have to realise that it's not just about providing protection seekers a roof and food, it's about getting them fully integrated in society, introduce them to our values and rules without forgetting the internal security. Long-term policy must take integration into account, and be precise with these issues before they open borders in an uncontrolled way for newcomers.

The EU-Turkey agreement reached in March 2016 will only be helpful in the short-term. The background of this deal was the attempt to regain control in the completely disordered process of the recording of movements of refugees by EU member states. But we should not fool ourselves, as this European solution is nothing more than window-dressing. Even if all adopted measures are in practice implemented, not much would be gained. Furthermore, the price we pay for it is far too high. Not only would the 6bn of Euros provided to Turkey be much better spent with partners such as UNHCR, but also the visa-free regime will seriously compromise European security. Moreover, we believe that Turkey is progressively moving towards Islamization, which makes the EU membership for Turkey unthinkable in the foreseeable future.



Since the implementation of the EU-Turkey agreement we haven't heard much about it. The Commission should closely monitor the implementation of the Deal, and carry out a thorough assessment of its effectiveness and implementation at regular intervals. Furthermore we should be able to fully evaluate the way pledged European funds are being spent.

The confidence in the Schengen area can only be achieved as a consequence of effective external border control; we cannot rely solely on other countries like Turkey to do our job. It is clear to us that we need a stronger border management, including a swift adoption of an effective FRONTEX Bor-

In other words: the EU is faced with an existential problem, which is also a massive challenge. Humanitarian help for people in need, without forgetting internal security, must be provided and resources should be made available to tackle the crisis, But still, the EU needs a real master plan with sustainable solutions.

der Agency, Smart Borders package, and the reinforcement of checks in relevant databases at external borders. ALFA asks for a better exchange of information and interconnectivity between the already existing databases in the EU.

ALFA calls for an immediate change of course, which provides an effective reduction of migratory flows and to maintain constitutional order and the applicable rules and regulations while maintaining the obligation to protect the refugees from violence and prosecution. The EU should look at the best practice from third countries in the management of migration flows, asylum shopping, readmission, returns, border returns and the resettlement of refugees. The EU should also reduce pull factors such as excessive facilities or economic incentives, which are often deliberately exploited by economic migrants.

To successfully integrate the different newcomers should be the ultimate goal of the European Union. A successful integration is possible if the quantity of migrants doesn't surpass the capacity of the countries. If the different regions are not able to absorb the influx of migrants they get, they won't be able to integrate them successfully, and the protection seekers will create ghettos, which we know from the outskirts of Paris and which eventually radicalize. For that, the different regions should be asked how

many resources they actually have and how many protection seekers they can actually absorb and are willing to integrate.

In other words: the EU is faced with an existential problem, which is also a massive challenge. Humanitarian help for people in need, without forgetting internal security, must be provided and resources should be made available to tackle the crisis, But still, the EU needs a real master plan with sustainable solutions. One keystone would be a legal system of coordinated asylum- and refugee- system. But only coordinated, not equal in all details, respecting the sovereignty of member states.



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## THE MATCH OVER EUROPEAN FUTURE – BRUSSELS 4: EUROPE 0

#### by Petr Fiala

The contemporary political debate and proposals on how to deal with the largest immigration wave since the Second World War are illustrative of the EU's incapability to act in times of crisis. Instead of rendering strategic resolve and security for its member states, the EU represented by its semi-legitimate elites lapse into using the oblivious and notorious remedy: seizing of more powers at the expense of nation states and further centralisation competences that historically constitute the core of state sovereignity. EU's plans for the future common asylum and migration policy clearly deprive member states of their right to decide on who, where, for how long and under what conditions can reside on their territory and be granted international protection. The proposed asylum and migration policy measures present significant encroachment on national legal systems. Their extent is grave and large and thus the political battle on their implementation will become a part of a larger and constitutive debate about paradigmatic change in the process of European integration.

talian ports are being overflowed by illegal migrants who sail the Mediterranean to Europe from the South, as the Balkan route has been partially hindered. Chancellor Merkel is touring Europe in order to persuade her political counterparts about the necessity "to share the immigration burden evenly". In reaction to the possibility of the Austrian government's decision to close its borders, Merkel declared that the closing of the Brenner Pass would mean that "Europe is annihilated."

Europe is already at the brink of its collapse. The reason is not the Austrian or

other national self-defense policies. The real reason of European downfall is the politics of Brussels and foolish zeal of EU elites who are endlessly scrubbing the deck of a sinking ship so it shines on the surface.

# RELOCATION AND REDEMPTION

Let us not, however, be unjust. Brussels is of course dedicated to finiding a solution to the migration crisis. The Commission document "Towards a sustainable and fair Common European Asylum System" is a testament thereof. Unfortunately the submitted reform does not address the roots

Now the game is about building the EU empire. Those who do not support and comprehend this goal are labelled as extremists, populists and reactionaries.

and causes of migration. It does nothing to systematically curb the migration flow. It essentially only provides means of converting illegal immigration into legal. With regard to the consequences of uncontrolled migration, failed integration and uncontrollable developments in European Muslim, the EU's asylum reform turns into a self-destructive policy. This should not come as a surprise. The imperious ideology behind the new common asylum and immigration policy envisages the transformation of Europe into a multicultural superstate, where anything national, traditional, Christian or Jewish will be pushed aside as a radical stance.

The European Commission and Germany are firmly insistent on the "corrective" relocation system. It is presumed to be triggered automatically if a member state faces migrant pressure that exceeds so called "reference number", which is a number of refugees the Commission allocates to the member state on the basis of its GDP, population size and "absorption capacity". Our historic consciousness should warn us against such well-oiled machines, wheels of fortune that decides on human lives and their destinations.

Countries that do not wish or intend to participate in this "corrective and fair" refugee relocation mechanism can buy themselves out. The price of not admitting one asylum seeker in the country could be 250 thousand euros.

I do not consider such a redemption mechanism either fair or sustainable. This Brussels concept is inhumane, intimidating and unacceptable.

#### SYNCHRONIZATION, HARMONIZATION AND CENTRALIZATION

The Commission would also like to introduce a single, common asylum procedure and harmonize the time span within which all asylum applications should be processed in all EU member states. In the same vein, Brussels would like all to shorten the time period needed for processing all documents related to the admission of a refugee. Bluntly, in practice this means that Brussels would like to dictate how and how long member state should perform security screening of those who wish to live on their territories. The EU countries would be deprived of their right to evaluate potential security risks of foreign nationals according to their needs and procedures. At the same time, Brussels in its political correctness consistently decline any linkage between migration and terrorism, although both reports of security services and attacks in Paris and Brussels prove the opposite.

The future common asylum and migration policy also entails proposal to harmonize social and financial conditions for refugees across the EU.

This, at first sight, a rather foggy formulation, would practise mean a significant milestone in the Brussels effort to gradually unify national social policies, which is only possible if we harmonize tax policies. EU elites thus exploit the migration crisis in order to urge more centralization and the weakening of nation states. A nation state that is no more in charge of taxation, has no decision power how the tax revenues are allocated, and cannot control who resides on its territory cannot be called a sovereign state any more.

We are witnessing real attempts to deepen the current state of integration at all costs. No matter that this tightening of EU clasps goes against common sense and against interests of the whole continent. Brussels does not care. Europe, its values, European nation states and their people are no more in play. Now the game is about building the EU empire. Those who do not support and comprehend this goal are labelled as extremists, populists and reactionaries.



#### **FRIENDLY MATCH?**

EU keeps scoring its own goals and plays against interest based and flexible cooperation of nations state. Brussels plays against any reasonable form of EU collaboration and thus harms the whole Europe.

Europe does not have to deal only with migration crisis. Another crisis we face is the Eurozone. The Eurozone does not work. However, EU and Germany decided that unity must be maintained at every cost. More than ninety million euros was sent as a bail out for Greece, debts were written off along with all the rules of the EMU. The results is that the Greek economy is falling together with the credibility of the single currency project.

Another own goal of the EU is Brexit. The result of the British referendum and subsequent EU wide reactions clearly showed that popular trust in the idea of ever closer union is at point zero. Ever closer union leads only to ever deepening estrangement (so to speak in terms of Brussels Neo Marxist commrades).

Add to this the security crisis, which is obvious - radical Islam is at war with us. A week after a terror attack, we are all aware of this, then we tend to forget. Brussels, however, is on alert and always has the recipe at hand. Instead of strengthening security, stopping illegal migration, protecting external borders and consistently facing those who

support terrorists, it resorts to ludicrous policy measures: Brussels says we should prohibit legally held weapons. The absurdity of these steps cannot be seen perhaps only on Schuman Square.

Summing up the four crises - migration, brexit, eurozone integration and security - we get a score of 4:0 to the detriment of Europe. It's not Europe's own goals. It is Brussels that plays against Europe and even against the European Union. The course of Europe is changing before our eyes, we play for its existence. Sitting in the stands and cheering is no longer enough. We need to stand on the side of Europe, while there is still something to play for.



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# EU RESPONSE TO THE REFUGEE CRISIS: TOO LITTLE, TOO LATE

#### by Christos Baxevanis

This article examines EU's response to the Syrian refugee crisis. Its purpose is to highlight the limits and inadequacies of the EU's asylum and migration policy, as well as to suggest medium and long term measures. The article argues that the massive arrival of refugees, mainly from Syria, and immigrants without legal documents by different countries, strongly affects European societies, as well as the internal political situation in almost all countries-members of the European Union, putting to the test the Schengen Treaty and the Dublin rules. In terms of EU asylum and migration policy, the author notes that EU needs a robust and effective system for sustainable migration management for the future that is fair for host societies and EU citizens as well as for third country nationals and countries of origin and transit. For it to work, this system must be comprehensive, and grounded on the principles of responsibility and solidarity.

#### **SETTING THE SCENE**

onflict and instability in countries of origin, economic inequalities and poverty, overpopulation and demographic dynamics, unemployment, lack of security and weak levels of democracy and natural disasters as push factors of migration, has triggered in recent years a sharp increase in mixed migratory flows. The number of immigrants and refugees who crossed the border of Europe quadruple in 2015, compared with 2014. The total number

of immigrants and refugees who reached Europe by land and sea was 280,000 in 2014, while in 2015, it is estimated that one million people arrived in Europe. The majority of immigrants and refugees came from the Mediterranean, with more than 800,000 people crossing the Aegean to reach Greek shores from Turkey. According to the International Organization for Migration, 13 times more people have crossed the Mediterranean Sea in January 2016 compared to those of January 2015, while 368 people died during just the first month of 2016.

<sup>1.</sup> IOM (2016), Migrant Arrivals in Europe in 2016 Top 55,000, Over 200 Deaths. Retrieved from https://www.iom.int/news/migrant-arrivals-europe-2016-top-55000-over-200-deaths.

The current refugee crisis, although foreseeable, occurred because of the absence of a common asylum policy. The Dublin system has disproportionally placed the burden of processing asylum applications on a number of frontline states. The crisis relocation and resettlement mechanism is a concrete example of limited cooperation based on solidarity and responsibility.

Tens of thousands innocent civilians have been killed and millions of people have been internally displaced or applied for asylum since 2011 as a consequence of the Syrian Conflict – "the worst refugee crisis since World War II".<sup>2</sup> In early September 2015, the UN announced that 7 million had been internally displaced and more than 4 million had left the country, from a pre-war population of 22 million. The neighboring countries of Turkey, Lebanon, Jordan, Iraq, and Egypt have received the largest numbers of refugees.<sup>3</sup>

## THE EU ASYLUM SYSTEM UNDER PRESSURE

Since 1999, the EU has been committed to create a Common European

Asylum System (CEAS) and improve the current framework. The EU's migration and asylum policy builds on EU legislation and legal instruments, political instruments, operational support and capacity-building, and the wide range of programmes and projects support that is made available to numerous stakeholders, including civil society, migrant associations and international organizations. Over the last three decades, harmonization towards common EU migration and asylum policy has become one of the most important issues of European integration. New EU rules have now been agreed (The Revised Asylum Procedures Directive, The Revised Reception Conditions Directive, The Revised Qualification Directive, The Revised Dublin Regulation and The Revised Eurodac), setting out common high standards and stronger co-operation to ensure that asylum seekers are treated equally in an open and fair system.4 However, the migration crisis in the Mediterranean has revealed much about the structural limitations of EU migration policy and the tools at its disposal as well as put the spotlight on immediate needs.

In more detail, at EU level, the massive arrival of refugees, mainly from Syria, and immigrants without legal documents by different countries, strongly affects European societies, as well as the internal political situation in almost all member-states of the European Union, putting to the test the Schengen Treaty and the Dublin rules and highlighting the limits and inadequacies, not only for the EU's foreign and security policy but for the national policies of the Member States as well. The European asylum system is under significant pressure. The current refugee crisis, although foreseeable, occurred because of the absence of a common asylum policy. The Dublin system has disproportionally placed the burden of processing asylum applications on a number of frontline states. The crisis relocation and resettlement mechanism is a concrete example of limited cooperation based on solidarity and responsibility.<sup>5</sup>

The agreed plan of 18 March 2016 between the European Union and Turkey has the ambitious goal to stop the refugee and migration flows from Turkey to Greece/EU and prevent the collapse of the Schengen zone. The reality, however,

is that the implementation of the agreement that began on April 4 2016, faces serious problems for a number of legal, political and logistical reasons, as it is an agreement characterized as highly complex, extremely technical, and difficult with controversial legal points. There is no doubt that, since the EU-Turkey Agreement, there has been a substantial decrease in the number of irregular migrants and asylum seekers crossing from Turkey into Greece. However, according to the first report on the progress made in the implementation of the EU-Turkey deal, only 325 persons have been returned from Greece to Turkey, and just 74 Syrians asylum seekers were resettled from Turkey to EU.6 Additionally, even

The overall objective is to move from a system which by design or poor implementation places a disproportionate responsibility on certain Member States and encourages uncontrolled and irregular migratory flows to a fairer system which provides orderly and safe pathways to the EU for third country nationals in need of protection or who can contribute to the EU's economic development and demographic challenges.

<sup>2.</sup> Berti, B. (2015). The Syrian Refugee Crisis: Regional and Human Security Implications. Strategic Assessment, 17(4): 41-53.

<sup>3.</sup> At the time of writing, Turkey host the largest Syrian population, with 2.749.140 registered refugees; Lebanon, a country with major development challenges and of approximately 4.8 million people before the outcome of the Syrian refugee crisis, host 1.055.984 registered refugees; Jordan host the third largest population with 642.868 registered refugees. In Comparison, Iraq and Egypt, hosting 246.123, and 119.665 registered refugees, respectively.

<sup>4.</sup> Baxevanis, C., & Papadaki, M. (2014). EU Asylum Policies & the Greek Presidency: an EU opportunity. Hellenic Studies/Etudes Helleniques - Centre for Hellenic Studies and Research Canada-KEEK, 22(1): 112-116.

<sup>5.</sup> The Commission gave an update on the progress made up until 11 April 2016. Assessing the actions undertaken by Member States to implement the emergency relocation and European resettlement schemes, the EU concluded that little progress has been made since mid-March. Only 208 additional persons have been relocated during the reporting period, bringing the total number of relocated applicants from Greece and Italy to 1,145 so far of the agreed 6.000 by 16 April, and 20.000 by 16 May. Regarding resettlement, 5.677 people have been resettled much less than the agreed 22.504. European Union: European Commission, Communication from the Commission to the European Parliament, the European Council and the Council: Second Report on relocation and resettlement, 12 April 2016, COM(2016) 222 final.

**<sup>6.</sup>** European Union: European Commission, Communication from the Commission to the European Parliament, the European Council and the Council: First Report on the progress made in the implementation of the EU-Turkey Statement, 20 April 2016, COM(2016) 231 final.

In an era of lacking leadership in Europe, the refugee crisis compels Europeans to face a number of inconvenient truths and misguided perceptions, especially "its inability to influence geopolitical developments in and around Syria, the prospect of greater migration flows and the EU's limited capacity or willingness for absorption, and the EU's inadequate ability to efficiently protect its external borders".

though the existing channels are now closed, there is always the danger of migration flows being re-routed: with the closing of the Western Balkans Route, the illegal networks of traffickers might seek an alternative route passing from Greece through Albania to EU, going back through South Italy and/or finally going from Turkey through the Black Sea to Bulgaria.

## CONCLUSION AND SUGGESTIONS

Migration has been and will continue to be one of the defining issues for Europe in the coming decades. Un-

derlying trends in economic development, climate change, globalization in transport and communications, war and instability in neighboring regions, all mean that the number of refugees and immigrants is not expected to diminish in the near future. The overall objective is to move from a system which by design or poor implementation places a disproportionate responsibility on certain Member States and encourages uncontrolled and irregular migratory flows to a fairer system which provides orderly and safe pathways to the EU for third country nationals in need of protection or who can contribute to the EU's economic development and demographic challenges.<sup>7</sup> The EU needs a robust and effective system for sustainable migration management for the future that is fair for host societies and EU citizens as well as for third country nationals and countries of origin and transit. For it to work, this system must be comprehensive, and grounded on the principles of responsibility and solidarity.



This means a change in approach and fresh thinking. In fact, the EU's current approach is the result of the EU's limited powers on migration and asylum matters. The inability to act as a Union, however, also results in confusion when it comes to handling emergencies such as those in the Mediterranean region or the Middle East. The challenge this poses is to find a way of responding to this problem as a united and integrated Europe. Consequently, the EU migration and asylum policy should have a medium-long term vision as well as a holistic and comprehensive approach. It is suggested that there is a need for a new system for allocating asylum applications in the EU based on a distribution key reflecting the relative size, wealth and absorption capacities of the Member States; a genuine common EU asylum system by transforming the current Asylum Procedures Directive into a new Regulation, establishing a single common asylum procedure in the EU, as well as by replacing the current Qualification Directive by a Regulation, setting uniform rules on the procedures and rights to be offered to beneficiaries of international protection; a stronger mandate for EASO so that it can play a new policy-implementing role and a strengthened operational role.

In an era of lacking leadership in Europe, the refugee crisis compels Europeans to face a number of inconvenient truths and misguided per-

<sup>7.</sup> The EU faces medium and long-term economic and demographic challenges. The population of Europe is ageing and growing at only around 0.2% per annum, which is significantly below the replacement level. It is estimated that Europe will lose some 30 million people of working age by 2050 and unless something is done quickly, the dependency ratios in most EU Member States will continue to increase rapidly, productivity will decline, companies will close down and the costs of maintaining services, particularly for the ageing population, will increase significantly. Through collective and organized action based on solidarity, the EU can transform the current situation into an opportunity to reverse the current demographic trend and its socio-economic effects. European Parliamentary Service, Third-country migration and European labour markets – Integrating foreigners, July 2015, p. 6. In this context, migration can help to address some of the challenges posed by demographic change and skills shortages in the EU. Migration flows tend to contribute to domestic labour markets in several ways: a) they can fill gaps in low and high-skilled occupations, b) they address labour market imbalances, c) they contribute more in taxes/ social benefits than they receive, and d) they spur innovation, and eventually economic growth. European Commission, Legal Migration in the EU – From Stop-Gap Solutions to a Future-Proof Policy, European Political Strategy Centre, Issue2/2015, p. 2.

ceptions, especially "its inability to influence geopolitical developments in and around Syria, the prospect of greater migration flows and the EU's limited capacity or willingness for absorption, and the EU's inadequate ability to efficiently protect its external borders".8 Taking into account the rising movement of jihadist fighters, the alarming threat of radicalization, as well as the fear that the immigration flows could be manipulated by terrorist organizations, and particularly the ISIS, the author notes that, "no common European asylum and refugee policy can be expected until Europe's borders are adequately managed and the number of migrants reaching its shores falls. Europe's borders can be secured only through a concentric (security) circles approach: outside Europe, at Europe's borders themselves and within Europe's borders" . All in all, EU should not wait for the next crisis to equip itself with greater external policy resources. "European citizens will shift away from the current feeling of disaffection and commit to the Union only if the EU changes course and positions itself".10



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<sup>8.</sup> Dempsey J. (2016). Is Europe Turning its Back on Refugees?, Carnegie Europe - Carnegie Endowment for International Peace. Retrieved from http://carnegieeurope.eu/strategiceurope/?fa=63251.

<sup>9.</sup> Garavoglia, M. (2016). Securing Europe's Borders: The First Step to a Comprehensive Asylum Policy. Foreign Affairs. Retrieved from https://www.foreignaffairs.com/articles/europe/2016-04-29/securing-europes-borders.

**<sup>10.</sup>** EESC, REX/463, The new EU strategy on foreign and security policy, Brussels, April 2016, pp. 6-7



# THE CONSERVATIVE

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# BREXIT: WHERE NEXT?

#### by Daniel Hannan

n 23 June, the British people politely ignored the advice of their political leaders, disregarded months of hectoring, bullying and threats, and voted to leave the EU.

They did so in defiance of all the main parties; of the mega-banks and the multi-nationals; of most trade and professional associations; of the broadcasters; of domestic and international bureaucracies; and of every foreign politician from whom David Cameron or George Osborne could call in a favour.

For once, the phrase "against all the odds" is precisely apposite. On polling day, the bookmakers gave an implied probability of 18 per cent Leave, 82 per cent Remain. So it's perhaps unsurprising that, as Britain woke to the news on an appropriately sunny Friday morning, even Leave voters felt a sense of numbness, almost of shellshock.

Shall I tell you what that numbness was? It was the mildly vertiginous sense of being back in control again. It was the shock of a convalescent who, after weeks of being bed-ridden, throws open the door and strides into a sunlit garden. The shock of a paroled prisoner, accustomed to being told when to

rise, eat and exercise, who suddenly has to make his own decisions.

For as long as almost anyone could remember, British voters had been accustomed to having circumscribed choices placed before them by their political élites. On 23 June 2016, they rejected all the options, and instructed their leaders to come up with a different menu.

Any doubt about the masses-versus-classes nature of the vote was dispelled by the reaction of the losers. Thousands of Remain voters, mainly well-heeled Londoners, marched on Parliament, demanding that MPs ignore the result. Millions signed an online petition for a second referendum. Some corporations hired an expensive law-firm, Mischon de Reya, to attempt to stop the prime minister from initiating withdrawal proceedings without a specific vote in Parliament.

Meanwhile, a number of peers signalled that they would vote to overturn the popular decision. As Baroness Wheatcroft, a former newspaper editor, put it: "If it comes to a bill, I think the Lords might actually delay things.

DANIEL HANNAN

The challenge now is to make Brexit a cordial and a mutually beneficial process, one that brings advantages to all sides. At the end of it, the EU will have lost a bad tenant and gained a good neighbour.

> There's a majority in the Lords for remaining." 1 Tony Blair openly admitted that the tactic was to string things out for long enough to allow a general election to intervene and, as he hoped, reverse the result. 2

> What we were witnessing was the petulance of political elites who, after years of getting their own way, found themselves unexpectedly checked. Without realising it, they are vindicating one of the chief complaints of Leave campaigners, namely that the EU is intrinsically oligarchic, preferring technocratic rule to popular sovereignty.

> Listen to some of the reactions to the vote, not just in Britain, but around the world. Here is the zoologist Richard Dawkins in the highbrow magazine, Prospect:

There are stupid, ignorant people in every country but their blameless stupidity mostly doesn't matter because they are not asked to take historically momentous and irrevocable decisions of state. 3

Here is the normally restrained American publication Foreign Policy:

> It's time for the elites to rise up against the ignorant masses. Brexit has laid bare the political schism of our time. It's not about the left vs. the right; it's about the sane vs. the mindlessly angry. 4

Here is the cult Slovenian philosopher, Slavoj Žižek:

Popular opinion is not always right. Sometimes I think one has to violate the will of the majority. 5

These views, frankly, are at the politer end of the spectrum. On social media, the filters came off, and we saw what some people really thought. Several Remain campaigners exploded with the fury of frustrated toddlers, demanding that the franchise be linked to intelligence tests, raging against the elderly working-class racists whom they imagined had tipped the result, dismissing all opposition as "bigotry" - which is deliciously ironic when we recall that the Oxford English Dictionary defines bigotry as "intolerance towards those who hold different opinions to oneself".

In their resentment of democracy, these Euro-enthusiasts were revealing a great deal about their world-view. The entire process of European integration has, in a sense, been carried out at the expense of representative government. The EU was conceived as an antidote to what its founders saw as excessive democracy. Having lived through the populism

and demagoguery of the 1930s, they were determined to vest supreme power in the hands of unelected officials who would be free to temper and moderate public opinion.

The trouble is that, as the years passed, Eurocrats and their auxiliaries within the member states became downright contemptuous of public opinion. As José Manuel Barroso, at that time the unelected head of the European Commission, put it in 2010:

Governments are not always right. If governments were always right we would not have the situation that we have today. Decisions taken by the most democratic institutions in the world are very often wrong. 6

His successor, Jean-Claude Juncker, was even blunter:

There can be no democratic choice against the European Treaties. 7

If you want to understand why people voted to leave, look no further than those words.

We Leavers will, I hope, hold ourselves to a higher democratic standard. We can't disregard the fact that 48 per cent of Britons voted for the status quo. We need to listen to their concerns, both on eco-

nomic matters and on the other priorities they raised during the campaign, such as continued participation in various EU educational and research programmes. It may well be that, when we leave the EU, we choose to replicate through bilateral deals some of the arrangements that we are currently locked into as members.

We have a mandate to leave the EU, but it is not a mandate to sever all links. A post-EU Britain will not simply relate to the EU as a benign third country in the way that, say, Japan does. Just as Remain voters must accept that Britain voted to quit the EU, so Leave voters must accept that it did so only marginally. Implementing a 52-48 result will mean leaving the EU, but retaining some institutional links with it.

The challenge now is to make Brexit a cordial and a mutually beneficial process, one that brings advantages to all sides. At the end of it, the EU will have lost a bad tenant and gained a good neighbour.



Daniel Hannan was a cofounder of Vote Leave. He is a Conservative MEP and editor in chief of The Conservative.

<sup>1.</sup> The Times, 1 August 2016

<sup>2.</sup> Sky News, 3 July 2016

**<sup>3.</sup>** 6 July 2016

**<sup>4.</sup>** 26 July 2016

<sup>5. &</sup>quot;Open Democracy" 1 July 2016

**<sup>6.</sup>** Daily Telegraph, 29 September 2010

<sup>7.</sup> Le Figaro, 28 January 2016 ("Il ne peut y avoir de choix démocratique contre les traités européens")



# CREATING A TRANSFORMATIVE BRITISH FOREIGN POLICY FOR THE NEW ERA

by John Hulsman

"There must be a beginning of any great matter, but the continuing unto the end, until it be thoroughly finished, yields true glory."

- Francis Drake, aboard the *Golden Hind*, to Sir Francis Walsingham, off Cape Sagres, Portugal, 1587

# FOLLOWING IN DRAKE'S FOOTSTEPS; THE BENEFITS OF THINKING BIG

t present, the formulation and assessment of British foreign policy is largely left to a small number doers and thinkers; foreign policy does not form part of the national political conversation, even at the elite level. A small number of people are thinking small thoughts. This has been true for decades. But after the earthquake of the Brexit referendum, times have definitively changed and creative strategic thinking is desperately called for.

This inability to talk about a credible strategic vision for Britain in the 21st Century is a serious problem. The basic danger of the intellectual and political community thinking small - only

arguing about British foreign policy at the edges - is that it dooms the country to managing gentle "Macmillanite" decline. Instead, Britain ought to be taking advantage of the truly exciting global options available, much as the Elizabethans did, as a transformative foreign policy could safeguard its place in the world for the next generation, securing Britain's position as a great power, capable of both leaving its mark on the world, and of protecting its fundamental interests.

Without grasping the nettle and creating a joined up foreign policy regarding the changing structure of a world of many powers, then tailoring a foreign policy strategy that works in such a time and place, and finally crafting tactics that naturally follow on from such a strategy, British foreign

We believe that Britain should have three clear priorities. These are: (a) a major, self-conscious shift towards building relationships and alliances with the emerging democratic regional powers around the world (especially in Asia); (b) cementing the longstanding, and hugely successful relationship with the United States; and (c) a clear-headed policy that stands up to the small number of countries (and movements) that seek to unmake the status the quo and actively challenge the peaceful, prosperous global order that we wish to create.

policy is doomed to be reactive at best, nonexistent at worst.

In other words, it is time UK policy-makers rediscover the shrewd swash-buckling quality of Sir Francis Drake, whose bold comment opens our argument. For it must be remembered Drake wrote this paean to thinking big before he became the first captain to sail with his crew around the world (Magellan died along the way).

He was a visionary first, fitting out his ship The Golden Hind to endure the privations ahead, and only then thought of the tactical navigation necessary to realize his dreams of glory. If the UK is to thrive in this new, dangerous, fascinating, and far more rewarding era of globalisation, such an unorthodox manner of proceeding is absolutely necessary.

For there is an alternative to the foreign policy establishment's present gentle

acquiescence in decline and failure. It lies in remembering the intellectual boldness of Drake and the other Elizabethans in changing the terms of the strategic game they were playing, in order to seize new advantages regarding heretofore entirely unthought-of opportunities. Rather than continuing to participate in a losing three-way strategic dance with France and Spain, Drake and his contemporaries creatively thought globally instead, and by changing the very nature of the chess board set the stage for centuries of British dominance. Oddly enough, in doing so the Elizabethans' insatiable global drive to open up inviting markets and facilitating trade beyond everything else is precisely the remedy again called for.

## A TRULY GLOBAL FOREIGN POLICY

Broadly speaking, we will articulate a foreign policy that expands upon old friendships, and takes advantage of new opportunities, all the while cementing ties with the centres of the globe - specifically in North America and Asia - that are likely to lead the world in economic growth for the next generation.

Britain specifically, and the western democracies in general, find themselves in a similar structural position to that of Victorian England in about 1890. Lord Salisbury found himself in a world where Britain remained central, first amongst equals, but with others rising and rapidly gaining global mar-

ket share. It is well past time for today's Britain to steal a page from this old, successful playbook.

For as was true for late nineteenth century Britain, while presently America and the West remain Chairman of the Global Board, there are plenty of new, powerful players at the table. These emerging powers are slowly but steadily gaining relative power year on year. As such, we live in a world entirely misunderstood by great power theoreticians. It is not purely multipolar in that America and the West are first amongst equals in the new era, while at the same time the other powers are steadily gaining global power market share.

Both these seemingly contradictory facts must be fully taken on board as a starting point if Britain is to genuinely comprehend the global structure of the strange new world we find ourselves in. Only after recognising the basic nature of the new era can a truly effective strategy be created.

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## REFOCUSING ON THE EMERGING POWERS

There is a strategy already out there—forgotten and neglected as it may be—which places current British foreign policy in its proper historical context. If Drake provides the path to creative, bold, counterintuitive, globalised thinking, dwelling on nineteenth century Prime Minister Lord Salisbury gives us the outlines of a British foreign policy doctrine for our new era.



Late Victorian Britain managed to draw in the emerging powers of the day principally the United States and Japan into the British-created world order. Crucially, it was a mix of ever-closer economic ties with the pair (coupled with sorting out long-festering regional disputes) that over a generation turned these possible peer competitors into allies. This feat of statesmanship was rewarded in 1918, when both Tokyo and Washington came to the aid of a hard-pressed London, allowing for victory in World War I.

A similar challenge awaits the new British government in 2016. Rising regional democratic powers South Africa, Israel, Japan, Indonesia, Australia, Canada, Brazil, Mexico and especially India are the obvious new opportunities out there to be courted. With Delhi back on track to grow at more than 7 percent this year, faster than China, this obvious and necessary strategic gambit must be greatly accelerated and made a pillar of the new British foreign policy.

Closer ties with booming India, a country blessed with highly favourable

demographics, old and enduring links with the UK, and the ability to serve as a counter-weight to China, ought to be a strategic no-brainer. In fact, the single greatest geopolitical challenge of the next generation is whether the rising emerging regional powers can be successfully integrated into today's transatlantic-inspired global system, based on both the attractiveness of its values and its enduring ability to provide security and prosperity for those who support it.

If the rising regional powers become status quo powers, guarantors of the broadly benign world order established by the West, all will be well. However, a failure to do so will see them rise as revolutionary powers, determined to unmake the present global system; we will then live in the jungle, without any system of global order at all. By focusing its foreign policy on the free-market, democratic regional powers throughout the world, the UK can provide a way forward in dealing with this absolutely central geopolitical challenge.

Fortunately, there are a number of important instruments to hand to help weld this new alliance together. First, and we should be far less shy about this; all the countries listed above are democratic, meaning that philosophically they broadly share a common way of looking at the world. While democratic peace theory can be overstated, it remains the empirical case that in all of recorded history, established

democracies have never gone to war with one another. This shared belief in the dignity of the individual, of limited government, and of the intrinsic value of a representative political system and a free press, should be shouted from the rooftops, both on its own merits and because it becomes part of the glue that can bind this new world together.

Beyond these essential shared values, the practicalities of a prosperity based on free trade and capitalism are the essential tool that must be used to link the major regional powers of this new world to one

another. As the great
American thinker
Ralph Waldo Emerson put it, 'Every
man is a conservative after dinner'.
A prosperous
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For presently, even more than is true of democratic values, it is the capitalist system that has conquered the world, and must be made a rallying cry for enticing the new regional powers to become defenders of the global status quo. Emerging Market elites are also now judged by their populations according to their ability to make market economics work, and these elites have a tremendous personal

and collective stake in maintaining the working international capitalist system, as is of course true for western leaders.

This powerful tool - enticing the emerging powers to defend a system that has brought them dramatically increased prosperity - must be built upon, with free trade agreements becoming a far more central element in driving UK foreign policy. These increasing links will literally bind the new world together, making every major new ally a conservative after dinner.

Historically Britain has been *the* leading free trading power, a mantle it must pick up anew. Geography largely explains this. The sea has simultaneously provided Britain with what Shakespeare called a 'moat defensive'

against the continent, while also serving as a ready-made highway to the rest of the world in Drakean fashion. Pursuing free trade deals with countries that already broadly accept the vital necessity of the project will have fundamental geopolitical benefits, further linking the old western world to the new.

So by looking back to the days of Lord Salisbury, British foreign policy can look ahead to the new multipolar world, developing a first strategic pillar based on the absolute imperative to construct a new global alliance of regional powers that are wedded together by the values of democracy (in most cases) and the practicalities of the free market (in all cases). Britain ought to make it a priority of its new foreign policy fit for purpose to take the lead in such a heroic endeavor, as the benefits are legion.

Beyond these essential shared values, the practicalities of a prosperity based on free trade and capitalism are the essential tool that must be used to link the major regional powers of this new world to one another. As the great American thinker Ralph Waldo Emerson put it, 'Every man is a conservative after dinner'. A prosperous world - wherein the major powers all have skin in the game for keeping the present system afloat - is a safer world, a better one, and an enduring one.

For the only way to make any multipolar system actually work is to focus intently on the regional powers, in this case the countries actually gaining in relative power by the day. The must be made defenders of the already-in-place western-constructed order. The good news is half the job is already done: South Africa, Australia, Canada, Israel, Japan, Indonesia, Brazil, Mexico and India are already all democratic states and are convinced believers in the global capitalist system.

In return, Britain will have - as Salisbury did so long ago - a global system of

allies to turn to should times get rough, as well as dependable trading partners for the City of London and beyond, and closer ties with countries in the world which are actually growing. This shift will do nothing less than help guarantee prosperity and security for the next generation of British citizens.

# CEMENTING BRITAIN'S LINKS WITH THE UNITED STATES

The second major piece of the strategic puzzle will be reinvigorating London's ties with a surprisingly resurgent United States. Here Britain's new foreign policy again weds its interests with its values. By re-focusing on links with the most powerful country in the world (with which it already enjoys the closest of ties based on shared values and interests), the new British foreign policy is exclusively geared toward the pole of power which will more than any other drive the new multipolar era; as such in terms of power politics the new strategy is fit for purpose in our new world.

As the shale revolution has proved once again, the American economy has a genius for reinventing itself. Having weathered the post-Lehman Brothers storm far better than any other western democracy (with the possible exception of Britain), the US - economically, militarily, and culturally - looks set to remain first amongst equals in the new era for the foreseeable future. Unlike the Foreign Office's mantra regarding

Europe, it is here that Britain - given its long-standing historical tradition of working so closely with the Americans - has genuine, lasting influence.

America remains the largest foreign direct investor in the UK (and vice versa), and Britain's closest military and intelligence ally by a long way; rather than deriding these close ties as is all too fashionable, they ought to be seen as a fundamental source of maximising British power. Thinking through new measures at all levels - economic, military, and cultural - that renew this fundamental alliance must be the other major positive plank of British foreign policy.

Economically, given that investment is the name of the game in a globalised world, the US and the UK absolutely must strike a comprehensive free trade and investment deal, one way or the other. This could be accomplished bilaterally, through British membership in NAFTA, or through a more ambitious global ordering such as the proposed Global Free Trade Alliance (GFTA), a worldwide grouping of genuinely free trading states determined to push the envelope in terms of opening their markets to one another. By whichever route, London's mantra in terms of increasing economic and trading ties with Washington must be free trade by any means.

Beyond cementing their already profound joint economic ties, Britain

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must be very careful to maintain its hard-won and justified reputation as a great military power, able to add value strategically throughout the world. Numerous rounds of budget cuts have left the UK precariously perched on the edge of losing its vital full-spectrum military capabilities; along with the US and France, Britain is the only NATO ally capable of supporting every sort of deployable mission, from full-out war-fighting to peace-keeping. This is a vital source of British power, especially in a shifting age of numerous localized and regional threats, where events in disparate, far-flung places like Ukraine, Somalia, Yemen and Iraq have reminded even the most dreamy that force - as it has since the dawn of man - continues to play a significant role in international relations.

As such, UK defence cuts must be halted and full-spectrum fighting capabilities preserved, to maintain Britain's position as a complete great power - possessing political, economic, and military might. Such an initiative

makes it clear to the UK's primary American ally that London will continue to add immeasurable strategic value.

By adopting our foreign policy fit for purpose in the new multipolar era, Britain can help drive its close ally - the last remaining superpower - toward throwing its might behind the heroic and necessary project of securing a western alliance with the rising regional democratic powers of the world. In doing so, Britain will find itself in the familiar role of defending the global

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status quo that it has helped create, by reforming it. Britain must remind America that the only way to preserve the post-1945 order of the Bretton Woods institutions and NATO is to build on them, adapting them for this more globalised, Drakean world. There is no reason whatsoever that London cannot make the intellectual running here, persuading its long-time powerful ally that here indeed is a joint project worthy of the most important bilateral alliance in the world.



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## BREXIT RESHAPES EUROPE; CHALLENGES AND OPPORTUNITIES OF THE NEW ARRANGEMENT

#### by Jan Zahradil

Following the UK's vote to leave the EU, a double movement on the continent can be expected. The EU founding members, together with the Brussels bureaucrats and closely followed by the southern wing, are likely to push for even more integration. In the rest of Europe, on the other hand, the pro-Brussels enthusiasm is likely to cool down. The geopolitical centre of balance will move to the East with Germany becoming the dominant power which, under the current circumstances, means pro-immigration, antinuclear and Russian-friendly policies. The vital task for the AECR is to ensure that the transatlantic link is not weakened and that the UK remains firmly anchored in the European trade, security and pro-reform architecture.

ince the end of June 2016, Europe has changed. Citizens of the United Kingdom have called for a reviewed arrangement with the European Union. Only in the course of the next few years will we see whether the potential hidden in this transformation was properly exploited for the good of both the UK and Europe. But now it is high time for all forethoughtful European politicians to find answers to some key questions. How does the UK referendum outcome redefine the geopolitical balance in Europe? How does Brexit affect security and trade? And last but not least, how will the integration process further develop?

Not only the referendum outcome, but already the campaign itself stirred up some stagnant muddy waters of European discourse. A few taboos were broken and a number of topics were opened which were previously not discussed enough: Do we really need so many regulations and why? Is the costs-benefit ratio resulting from the current form of the European Union still acceptable? How much is the European redistributive machinery actually worth? The great European success story itself was questioned too. Ten years ago, Europe was considered the strongest economy in the world, destined to welcome more and more new members, and eventually beTen years ago, Europe was considered the strongest economy in the world, destined to welcome more and more new members, and eventually become the biggest, strongest and most successful player on the global scene. Today the story is very different.

> come the biggest, strongest and most successful player on the global scene. Today the story is very different. More and more frequently we hear: let's defend at least what we have achieved so far. Parts of the Brussels elite refuse to see the reality, but it's just a matter of time. What happened at the end of June is actually very simple: one of its strongest and most successful members has freely and democratically decided to leave the European club. It is hard to imagine a stronger signal that without substantial reforms the whole European project may go down the drain.

> Brussels, however, responded to the referendum outcome with a typical dose of arrogance and ignorance. The EU institutions' leaders' joy was difficult to hide. British "troublemakers" were asked to leave as quickly as possible to allow a further deepening of the EU integration to go on. From all sides, predictions of economic disaster awaiting Britain began to scatter. The City was supposed to move from London to Paris - probably in favour of higher taxes and an over-regulated labour market. We even heard voices saying that citizens

increasingly reject the EU because integration has not gone far enough. National governments responded far more realistically, making it clear to the European Commission that the negotiation process will be led by member-state's capitals. It was once again clearly proven where lies the EU's temple of ideology and who is really responsible for trade and jobs.

The initial firefight was interrupted by the summer break. What comes next?

First of all, Article 50 has not yet been invoked and there are signals coming from London that this will not happen until the end of the year. Those who hoped for the fastest possible Brexit will be disappointed. At the end of the eighties, it took more than three years for the fifty-six thousand strong Greenland to leave the European Economic Community-a situation which is hardly comparable to the present one.

In the coming months, I estimate a double movement on the European political scene. More and more efforts to integrate the EU core are certainly about to come, especially among the founding members, with support from the EU institutions pursuing their own interests. The Commission and the European Parliament will pull together and we cannot put any hope in the current European Parliament, which, amongst all the institutions is known to be the most inclined to the dogma of ever-closer

Union. Whether we like it or not, the political mainstream in Europe are trying to Europeanize almost everything. Germany will become yet more dominant after Brexit, and so has no interest in loosening the integration - quite the contrary; further centralisation suits it, especially when it is expected to have the strongest say in the club.

The southern EU wing will most likely follow the same road. Being dependent to a large extent on the debt sharing and redistribution of subsidies and migrants, the South approves everything the EU submits.

In the rest of Europe, on the other hand, the pro-Brussels enthusiasm might cool down. This will likely involve mainly the North - Denmark, Sweden, Finland, Netherlands, but also others in Central Europe.

With the UK leaving the EU, the geopolitical centre of gravity will move to the East and Germany will become the dominating power in the EU. This does not bode well for Central Europe. Berlin's open-door policy towards immigrants is challenging for surrounding countries, as its absolute antinuclear policy. Furthermore, the strong anti-Russian and anti-Putin rhetoric is difficult to trust. So far, Germany and Russia always managed to find common language and mark out their sphere of influence regardless of European or other countries' interests.

Secondly, it can be expected that Britain will lose to some extent its interest in continental Europe, as it turns its focus to the Commonwealth and the United States. This could be harmful especially for Central Europe, which would lose an important ally in the fight for deregulation, less bureaucracy, free market and deepening the Atlantic link.

Despite these challenges ahead, we as Conservatives must not allow Eu-

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ro-Atlantic relations to be weakened. They are vital both to our security and to our economy. One of our key tasks in the close future is to reiterate the simple fact that, despite the UK's decision to withdraw from an international organisation, it is not leaving Europe; or the transatlantic civilization; nor must it leave the European markets, international trade network or the European security architecture.

Whatever the contractual arrangement of our future relations will

be, the AECR is looking forward to working with our British friends and partners. We are determined to jointly promote fundamental reform of the European Union, for which the referendum has inspired the necessary momentum.





Ian Zahradil MEP is a Czech politician for the Civic Democratic Party (ODS) and the president of Alliance of European Conservatives and Reformists. He has been a Member of the European Parliament (MEP) since the Czech Republic entered the European Union in 2004. Zahradil also served as Member of Parliament (MP) for Prague from 1998 to 2004. In his current third term at the European Parliament, Zahradil is a member of the international trade committee, serving as its Deputy Chairman. In addition to his work in the European Parliament, Zahradil has also been engaged with the issue of EU-Turkey relations and is an active member of the relevant committee. He is also involved in supporting the Iranian opposition in exile. He was one of the founding members of the euro-realist ECR group, which went on to become the third largest group in the European Parliament in 2014. In March of 2011 he was elected the ECR President, thus becoming the first Czech MEP ever to have become leader of an EP group.

### IN EUROPE, NATIONAL INTEREST RULES SUPREME

#### by Marian L. Tupy

The national identities of European states have been evolving separately, and often in competition with one another, for hundreds, sometimes thousands, of years. Concomitantly, a pan-European demos does not exist. For the vast majority of European peoples, being a "European" remains a geographical, not a political, distinction. Thus, while European travelers to the United States may say that they are from Europe, in Europe they almost always refer to themselves as being from Britain, France, Germany, or whatever country they are from. That is likely to continue, because most people's identities are not formed by attachment to abstract principles such as liberty, equality, and fraternity, but by cultural, religious, historical, and linguistic ties. The reactions of the European states to the outcome of the British referendum on EU membership clearly show that national interest and, consequently, the nation-state remain the basic motivations and the basic building blocks of international relations, including European relations.

rior to the June 23rd referendum on British membership in the European Union, British voters were subjected to a barrage of warnings about the dire consequences of British withdrawal from the EU on the British economy and on Britain's international standing. Experts, foreign and domestic, predicted recession and urged voters to back the Remain campaign. Britain, they argued, would be isolated and it might, even, lose its seat on the United Nations Security Council.

As the date of the referendum neared and opinion polls tightened, warnings

gave way to threats. U.S. President Barack Obama threatened to put Britain at the "back of the queue" in any trade deal with the United States if the former chose to leave the EU. And German Finance Minister Wolfgang Schäuble ruled out a post-Brexit membership of Great Britain in the European single market.

And then the British people voted to leave the EU and the response from European governments was, by and large, mild and measured. To everyone's surprise, much of the blame for Britain's withdrawal from the EU fell

on the heads of the Eurocrats on Brussels. Why did that happen? Simply put, emotions gave way to the cold calculations of national interest. Britain might be on its way out of the EU, but the country remains an important part of the global economy and of the system of international relations.

#### ARMAGEDDON POSTPONED

Following the Brexit referendum, an interesting split has emerged on the European continent. Representatives of European institutions doubled down in terms of their belligerent rhetoric toward Britain. Jean-Claude

Much of the blame for Britain's withdrawal from the EU fell on the heads of the Eurocrats on Brussels. Why did that happen? Simply put, emotions gave way to the cold calculations of national interest. Britain might be on its way out of the EU, but the country remains an important part of the global economy and of the system of international relations.

> Juncker, the President of the European Commission, expressed his desire for the British government to trigger Article 50 of the Lisbon Treaty and for Britain to leave the EU as soon as possible. Martin Schultz, the President of the EU Parliament, bemoaned the result of the referendum, contemptuously noting that "It is not the EU philosophy that the crowd can decide its fate." So much, then, for democracy as a founding value

of the European Union. Not to be outdone, Schultz's MEPs booed Nigel Farage, one of the leaders of the Brexit campaign, on the floor of the European Parliament.

Representatives of national governments, on the other hand, sounded positively reasonable in comparison. Instead of hostility toward Britain, they blamed Brexit on the intransigence of Eurocrats in Brussels. Had the British Prime Minister David Cameron's drive for a "fundamental" renegotiation of Britain's relationship with the EU been met with a face-saving compromise, they reasoned, the British voters might have voted to remain in the EU.

For example, Estonian President Toomas Ilves said that Juncker's behavior had been "abominable." The Polish Foreign Minister Witold Waszczykowski said that "the European institutions should start to admit they made a mistake" and that "at least a part of the European leadership" should step aside. The Slovak Prime Minister Robert Fico said that the "British people have reacted to European policy. Nobody has the right to be angry with the British voters." The Czech Foreign minister Lubomir Zaoralek said that he did not see Juncker as "the right man for the job" and added that "someone in the EU maybe should contemplate quitting." And Hungarian Prime Minister Viktor Orban blamed Brexit on the EU's inept handling of the

migrant crisis. Together, the Visegrad Four countries demanded that "the powers of the EU executive be reined in and more competences be returned to capitals."

Let us now look at the reactions from France and Germany - the so-called "engine of European integration." A week after Brexit, the French Finance Minister Michel Sapin stated that "every aspect of trade deals, including freedom of movement, will be 'on the table' for discussion when the UK negotiates its exit from the EU," thereby implying that Britain could remain in the single market on terms acceptable to the British electorate.

The putative Republican Party candidate for the French Presidency, Alain Juppe, has called "for a new balance of power between Brussels and member states and a halt to further EU enlargement, ending Turkey's membership bid." And senior German ministers have advocated for "shrinking the executive Commission, trimming its powers, and bypassing common European institutions to take more decisions by intergovernmental agreement."

Italian Prime Minister Matteo Renzi issued a self-serving demand for "loosening of recently adopted EU regulations that make shareholders, bondholders and depositors liable for the losses of failed banks before taxpayers." Renzi, who said that the EU was run by "a technocracy with no

soul," hopes to use the EU's weakness to bend the EU budget deficit rules in order to "pump billions of euros into his country's ailing banks." And those are the friends of the EU!

Now consider the Eurosceptics. The Dutch Eurosceptic leader Geert Wilders noted that he will push for a Dutch referendum on withdrawal from the EU at the next election in 2017, while the French politician Marine Le Pen welcomed the British vote as "the beginning of the end of the European Union."

Finally, consider the damascene conversion on the other side of the Atlantic. The U.S. President Barack Obama said that "having the United Kingdom in the European Union gives us much greater confidence about the strength of the transatlantic union" and, as mentioned earlier, threatened to put Britain to the "back of the queue" in any trade deal with the United States.

After Brexit, however, Obama quickly switched from scaremongering to downplaying the result. "I would not overstate it," Obama said five days after the referendum. "There's been a little bit of hysteria post-Brexit vote, as if somehow NATO's gone, the trans-Atlantic alliance is dissolving, and every country is rushing off to its own corner. That's not what's happening... I think this will be a moment when all of Europe says, 'Let's take a breath and let's figure out how do we

maintain some of our national identities, how do we preserve the benefits of integration, and how do we deal with some of the frustrations that our own voters are feeling." Quite so.

#### **SO, WHAT HAVE WE LEARNED?**

Great Britain may be leaving the EU, but it has not fallen off the edge of the world. The country remains the world's fifth largest economy and fifth largest military power. It is in the

In or out of the EU, Britain will still be an important export market for Germany, which accounts for 10 percent of all British imports, and for France, which accounts for 6 percent of all British imports. Similarly, in or out of the EU, Britain remains an important military power and the second most important member of NATO. As such, Central European countries, especially Poland, and the Baltics, will do what's necessary to keep the British happy and on their side in order to deter Vladimir Putin's Russia.

> interest of all of its trading partners to see Britain safely anchored in the global economic system and prosper. In or out of the EU, Britain will still be an important export market for Germany, which accounts for 10 percent of all British imports, and for France, which accounts for 6 percent of all British imports. Similarly, in or out of the EU, Britain remains an important military power and the second most important

member of NATO. As such, Central European countries, especially Poland, and the Baltics, will do what's necessary to keep the British happy and on their side in order to deter Vladimir Putin's Russia.

The national interests of European countries vary greatly. Former communist countries, for example, are much more fearful of Russia than, say, France and Portugal. It is for that reason that a truly common European defense and foreign policy eludes the Eurocrats in Brussels. But the national interests of the EU member states do intersect in one crucial way - they all want a good post-Brexit relationship with Britain. Some want it for commercial reasons, while others want it for reasons of national defense.

None summed up the post-Brexit reality better than Geert Bourgeois, the Flemish Prime Minister. According to Bourgeois, "there is a growing consensus in EU capitals that it would be fatal mistake to try to 'punish' Britain... More and more people now agree that there has to be a 'soft Brexit." "I can't imagine a situation where we have more barriers on trade in both directions. You [Britain] are our fourth biggest export market. It is in our mutual interest to find a solution, and the majority of the EU now agrees that anything other than a soft Brexit would have a huge cost," he continued. "We will be able to negotiate a trade agreement. It may be sui generis but it can be done."

Simply put, national governments face incentives that are different from the incentives faced by the Eurocrats. The chief objective of the latter is the pursuit of "an ever closer union" and they appear to be willing to punish those who make that goal of "an ever closer union" more difficult to accomplish.

#### **CONCLUSION**

The national identities of European states have been evolving separately, and often in competition with one another, for hundreds, sometimes thousands, of years. Concomitantly, a pan-European demos does not exist. For the vast majority of European peoples, being a "European" remains a geographical, not a political, distinction. Thus, while European travelers to the United States may say that they are from Europe, in Europe they almost always refer to themselves as being from Britain, France, Germany, or whatever country they are from. That is likely to continue, because most people's identities are not formed by attachment to abstract principles such as liberty, equality, and fraternity, but by cultural, religious, historical, and linguistic ties. The reactions of the European states to the outcome of the British referendum on EU membership clearly show that national interest and, consequently, the nation-state remain the basic motivations and the basic building blocks of international relations, including European relations.



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### EUROPE IS THE FUTURE

#### by Ulrike Trebesius

Europe - a continent of great tradition - is, regrettably, a continent in decline. Europe is in decline because of how it is currently set up: too much focus on centralisation; too little on competition and subsidiarity. It is also in decline because the proponents of its questionable moral code are not prepared to safeguard European values. The European political community is trapped in a straitjacket of its own making. It has peddled big promises and visions, in terms of how it envisages the European Union and the euro system, and is now close to collapse. The established parties have expended a very great deal of political capital and, should the EU founder, they have a very great deal to lose, meaning that they are no longer able, or willing, to make a U-turn. It is very hard for new political movements to stand up to the established parties and the media. Accordingly, referendums are a good way of overcoming barriers and taboo thinking: they can force politicians to correct their mistakes without the need, first, to go down what is a hard road through the political system. The Brexit decision worsens prospects for reforming the EU with a view to greater decentralisation; as such, it was not a good outcome. If a success is made of it, however, greater outside pressure can be put on the EU to go back to what used to be its winning formula.

urope is not just any continent
- it is one of magnificent history, of magnificent tradition.
Its history has not always been without bloodshed; but through it has come change, progress and discovery. Among continents, Europe has had no peer in defining the sciences, philosophy and art. A hundred years ago it still dominated the world, not ceding its power to the United States until 70 years ago, yet in many areas it is increasingly turning into a museum - a continent that attracts tourists who see

the splendour and glory of days gone by and are surprised at how quickly it has declined.

Civilisations rise and fall; historically, that is normal. Cultures flourish and fade away. The history of Europe has always been one of competition between countries and cultures. Unlike in other regions of the world, no power since Roman times has managed to establish hegemony over Europe. Envy and competition drove past generations of Europeans to surpass themselves.

While centralised systems in other parts of the world might have declined on a grand scale, decline in Europe was always confined to the regional level (except, perhaps, at times of plague). Competition also became the fundamental principle of the democratic systems that were gradually established. There has been competition among parties - for voters - and competition among constitutional organs. Europe's values produced the market economy as a mechanism for making the best possible use of individual countries' capabilities and resources. How, then, is it possible for Europe, of all continents, to be making so quick and so thorough a job of wrecking itself - and, to boot, within what is a democratic system?

The EU's founders had ideological and cultural ambitions going beyond regulating competition; they aspired to overcome inequality and to transcend the nation-state, the goal being a European super-state, or 'ever closer union'. When the groundwork was being carried out for what is now the EU, communism had failed in eastern Europe, the market economy and democracy experiments were spreading throughout the world, and many people believed that the victorious western model - democracy and prosperity for all - would be the entire planet's template for success. The EU's planners wanted to set an example in the process; but they did not want to take the American approach, which they found too capitalist; rather, they wanted to put a friendlier face on 'their' Europe.

The new Europe was to be based on a positive view of human nature and on trust in people and their goodwill. Inequality was to be overcome through public-works programmes, by expanding education, and by exporting northern and western European regions' cultural achievements to southern and eastern Europe. It was thought that, if that were successful, a comparable level of prosperity would emerge, together with a stable political and economic model. That approach has something of the socialist view of human nature about it. Socialism sought to re-educate people - 'liberate' them - and the EU wanted to help the weaker members for as long as necessary to enable them to compete on an equal footing. Templates for success, such as the German stability culture, for instance, were to be transferred on a top-down basis.

We now know that the sought-after catch-up effect has not materialised; rather, it has been superseded by transfer payments and fine words. The EU demonstrates that the lessons from the failure of socialism have not been learned. European cultures differ as regards, for instance, a willingness to work hard, the relationship between citizens and the state, or attitudes towards education. Denying the existence of those differences has produced the circumstances now tearing Europe apart.

Within classical liberalism, equality means equality before the law - not equality of individuals, equality in

terms of what they can achieve, or equality of cultures, gender or ideology. Top-down imposition of change on cultures that have developed over centuries has been shown to be unrealistic. Change is brought about not by transfer payments, but, rather, by social pressure. These days, regrettably, bigger transfer payments are the reward for misconduct and economic incompetence. Competitiveness is an evolved cultural achievement based inter alia on educational systems, social acceptance of corruption and cultural regard for hard work. Competition must develop as a result of people wanting to change their culture, and that of those around them, e.g. their own culture of entrepreneurship. Cultures unwilling to advance in that way should not be forced to do so. Cultural change needs to be voluntary.

The politicians currently dominating Europe are no longer willing, at all, to acknowledge differences between people and cultures in Europe and beyond. For them, tolerance takes precedence over all other values; and by tolerance they mean depriving the majority culture of the right to be allowed to criticise other cultures.

If political correctness dictates that no culture can ever be termed more progressive or better than others, why bother to defend European values, such as women's rights, for instance, vis-à-vis others' religions? Such a policy is the precise opposite of what Europe represents. Its objective is to abandon European identity. It prefers to deny cultural progress rather than question the left-wing ideal of equality.

At the same time the EU aspires, through regulation, to make far-reaching inroads into spheres of life in Europe in order to find the best possible system for the whole of Europe. That is not how progress works, however. Progress is not based on a central planner putting an idea into practice

Many British nationals have cited freedom of movement for workers as a key factor in deciding to vote for Brexit. The arrival of large numbers of people, in particular from Eastern Europe, has caused resentment among the UK population. Not everyone in EU countries with strong economies is a winner; the 'little people', in particular, are not benefiting; in urban areas, they are suffering as a result of new competition on the labour market, rising rents and a sense of being swamped by foreigners. Politicians have not taken their concerns seriously.

for an entire continent. It is based on allowing new ideas, on better ideas proving their worth through competition, and on bringing about inequality. Inequality leads to competition; that leads to better policy-making because successful ideas are copied.

We must allow a number of experiments to proceed in parallel and then see who comes up with the best plan. That means that mistakes will be made. Mistakes are part of the process of discovery. There can be no innovation without a willingness to allow mistakes. 'Creative destruction' is what underpins the market economy and civilizational progress. We cannot use global competition as an excuse for policy failures. Voters will form a judgment on what is good policy; but they are hardly in a position to judge policy-making in other parts of the world. To make a proper decision, they need to see examples of better policy-making near home.

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In addition, freedom of movement for workers is not a spur to competition

within Europe; it can even be a stagnation factor for some countries in that it is often the strongest who leave their homelands - where they were educated and trained - and, in doing so, leave those countries. The people that leave are often young - the driving forces behind change and renewal - and the fact they are no longer there leads to more political stagnation. As far as this process is concerned, Erdoğan's new Turkey is a case in point. Ideally, Erdoğan would like to banish many educated opponents of the regime: he would rather let capable individuals leave the country than allow them to challenge his rule.

I still think that the decision to hold the Brexit referendum was right. The Brexit verdict is regrettable in that it will take a country out of the EU that could have been a driver of internal reforms. It was perhaps more of an emotional decision in favour of greater freedom and individual responsibility. That is in line with British tradition and with British cultural identity. The fact is that Germany used to be a patchwork of small states and is now a federation; its current political set-up gives the regions considerable leeway and responsibility. Germany should accordingly have teamed up with the UK to propose an alternative to what is an increasingly centrally planned and redistributive EU. Germany has missed an opportunity to have at least made an attempt genuinely to establish and enforce the principles of subsidiarity and individual responsibility. Without

the British, Germany will find it hard to counter the structural majority made up of the French and the other southern Europeans. This will be a loss that will hit Germany, of all countries, particularly hard. My country needs partners that will resist the call for more and more redistribution and regulation in the EU. My hope is that Brexit is a success and that, as a result, the EU comes under greater external pressure to reform.

At a time when people are turning their backs on the Europe we currently have, and are looking for political ways-out, it has three fundamental options. The first is more centralisation; that is being pushed for by eurozone countries' established parties. Europe would then establish more and more north-south transfer mechanisms, there would be widespread impoverishment, and the political rot would go on. The orgy of indebtedness would continue until the monetary system collapsed. The second option is decentralisation, subsidiarity and individual responsibility. ALFA has recently issued a paper on this which you can download from our website. At the heart of our vision for Europe is voluntary cooperation based on the 'à la carte' principle. This option would permit stable currencies and legal systems to be maintained in countries where civil society was still intact. Intra-European competition for prosperity, better governments and better money could start afresh. The third option is to abolish the EU.

That would be very dangerous, as I see it, since a reformed EU could be very beneficial for Europe. As the political establishment is sticking, undeterred, to its centralising approach, the third option - I regret to say - is looking more and more likely.

We see here a weakness of the democratic system. The self-appointed elites have no intention of questioning the 'ever closer union' model - a model that all established parties in mainland Europe have helped create

The second option is decentralisation, subsidiarity and individual responsibility. At the heart of our vision for Europe is voluntary cooperation based on the 'à la carte' principle. This option would permit stable currencies and legal systems to be maintained in countries where civil society was still intact. Intra-European competition for prosperity, better governments and better money could start afresh.

and has been elevated to the status of an article of faith. Incontrovertible truths are laid down in order to silence rivals and make it impossible for new challengers to emerge. The political parties - in Germany in particular - have done that very successfully. They have packed public-sector media organisations with hand-picked appointees; they have done the same with university department heads; and they have turned school curricula into vehicles for their articles of

faith. So great has been their success that despite the failure of their own policies, and their declining electoral support, an about-turn no longer seems possible, with the long-established parties running out of young, unjaded and free-thinking politicians waiting to step up. In spite of the impending crash, the established political parties are failing to break away from the system they have created. Perhaps they themselves no longer think they have the strength to perform a volte-face and make a start on reforms. Too much political capital and credibility has been expended; and there are likely to be no more suitable potential successors. In the meantime, however, the self-appointed elites may have lost touch with reality to such an extent they now believe their own empty words. The man in the street is very much mistrusted; and the freedom to take control - for the British or the Swiss, for instance - is openly challenged. They are to be punished for failing to toe the line, and there is a widespread willingness to penalise politically incorrect actions.

We know that, in opinion polls, people often do not dare to say what they really think. Politically incorrect issues in particular regularly cause upsets, with voting outcomes differing from what pollsters have previously forecast. Other questions on which there is seemingly a political consensus could also be put to referendums. These days, many people voice opinions in public that they do not voice in private - cir-

cumstances increasingly comparable to what people used to do in the former Soviet bloc. Accordingly, referendums are not simply an outlet for people to voice their displeasure; they are a legitimate means of changing and shaping policies.

A politically straitjacketed party system that is in denial needs a jolt from outside. In recent years, opposition parties have been set up in Europe - mainly on the right in the north and mainly on the left in the south. All of them, to varying degrees, are finding it very hard to become established; they have to recruit the right staff, build structures and organise funding; and, politically, they face hostility from the established parties and the media. In most countries, it will be some time - time that Europe no longer has - before they are in a position to take on the established parties on an equal footing.

Europe is in urgent need of a revamp. Referendums are a good and sensible way of taking political decisions of such import, and of taking them fast. Referendums make it possible for the electorate to make corrections to political decisions that parties are no longer capable of making. Anyone seeking to maintain western values should be supporting referendums. Mistakes are bound to be made in the process; but mistakes are easy to correct in a competition-based system.

The Europe we have at present is foundering because the centralisers

have overreached themselves. Too optimistic a view of human nature has been assumed, and false assumptions have been made in connection with cohesion processes. Europe is seeking to make more and more transfer payments so as to paper over the cracks in the system; but there are now too many cracks to paper over; and the only stopgap solutions left - to keep the system on an even keel - are unlawful. In particular a country such as the United Kingdom, which has provided major intellectual input into European culture, with Magna Carta, for example, which cut back the monarchy's power and enshrined property rights and liberties, the Bill of Rights, which determined Parliament's prerogatives vis-à-vis the monarchy, Adam Smith's contributions towards understanding the market economy, and John Locke's contributions on the separation of powers, is bound to find the European Union's intellectual and legal decrepitude appalling.

Europe must recover its true identity. It is the pro-Europeans, as they are termed, who have failed to grasp the essence of Europe. We need an EU with a limited core remit which, through new ideas and diversity, offers a viable future. We need to get back to a situation where people can take pride in national and European values and in their own achievements. It is not a foregone conclusion that western values such as democracy and human rights should spread around the world. Europe cannot just preach to

other regions; it must also show them, rather, that its social and economic model works; and only then, perhaps, can Europe again become a beacon for the world.



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## THE CONSERVATIVE

## DISCUSSING THE FUTURE OF THE TRANSATLANTIC PARTNERSHIP

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# HILLARY, TRUMP, AND THE WORLD; A LOOK AT THEIR FOREIGN POLICIES

by Jay Nordlinger

he U.S. presidential election will probably not hinge on foreign policy. It will hinge on domestic policy—what to do about immigration, for example. It will also hinge on the public's assessment of the two major nominees, personally. But U.S. foreign policy is always important. So let's have a look.

Hillary Clinton and Donald Trump are virtually the most famous people in America. But one has a long record in government while the other has none. Mrs. Clinton was First Lady for eight years, Senator for another eight years, and Secretary of State for four. She is a very known commodity.

Yet there is a debate about her, certainly among conservatives: Is she a left-winger or more like a Democratic centrist, à la Madeleine Albright (one of Bill Clinton's secretaries of state)? It is true that she was one of the left-most figures of her husband's administration. It is also true that, as a law student, she clerked for Robert Treuhaft, the communist lawyer who was married to a Mitford (Jessica).

But there are plenty of people in American politics to the left of her. One is Senator Bernie Sanders, who was Mrs. Clinton's rival in the recent Democratic primaries. In one debate, they clashed on Cuba. Mr. Sanders is a great admirer of the Castro dictatorship; Mrs. Clinton pointed out the tyranny of that regime.

I believe that a Hillary Clinton presidency would amount to an extension of Barack Obama's—in both domestic and foreign policy. I believe she would be a manager of American decline, a decline that she both accepts and, to a degree, welcomes.

Donald Trump is a wild card: volatile, untested, erratic. We know that he is anti-trade. Like most people who are anti-trade, he denies it: he says he is for "fair trade." But he gives every indication of being an all-out protectionist.

His abiding theme, other than himself, is strength: strength in all things, at home and abroad. This is a strength that often comes off as belligerence. When it comes to the War on Terror, a great many will excuse him.

He says that he would "bomb the shit" out of ISIS. He would not send many ground troops to the Middle East, "because you won't need them by the time I'm finished." He says that American officers would do whatever he ordered them to do, whether within the law or not. "They're not gonna refuse me. Believe me." And he promises to seize Middle Eastern oil, as a kind of war spoil.

Erratic as he has been over the years, he has been consistent on one thing, for sure: admiration of strongmen. Here he is in 1990, giving an interview to Playboy, as the Soviet Union was faltering: "Russia is out of control, and the leadership knows it. That's my problem with Gorbachev. Not a firm enough hand." His interviewer said, "You mean 'firm hand' as in China?" Mr. Trump answered, "When the students poured into Tiananmen Square, the Chinese government almost blew it. Then they were vicious, they were horrible, but they put it down with strength." America, he said, could use such strength.

Of Vladimir Putin, he is an ardent fan. Last December, an interviewer pointed out that Putin kills his political opponents, invades sovereign countries, etc. Mr. Trump said, "He's running his country, and at least he's a leader, you know, unlike what we have in this country." That was a shot at President Obama, of course. His interviewer persisted: But what about the killing of political opponents? Mr. Trump replied, "Well, I think our country does plenty of killing also."



That is what conservatives have long decried as a false "moral equivalence."

Mr. Trump has taken a strong stand against intervention and what he and others characterize as "nation building." He charges that George W. Bush & Co. lied America and its allies into the Iraq War. He also says that President Bush should have been impeached. Saddam Hussein's crimes, he minimizes. Here he is at one of his rallies: "Saddam Hussein throws a little gas. Everyone goes crazy. 'Oh, he's using gas!"

He also defends Saddam Hussein as a great foe of terror. "Do you know what he did well? He killed terrorists. He did that so good. They didn't read 'em the rights. They didn't talk. They were a terrorist, it was over!" In point of fact, Saddam Hussein was a great harborer and funder of terrorists. Under his wing were Abu Nidal and Abu Abbas, among many others.

An interesting moment came when Mr. Trump was asked about Recep Tayyip Erdogan, and his vicious crackdown in Turkey after a recent coup attempt. Mr. Trump said that America had to focus on its own problems. "When the world looks at how bad the United States is, and then we go and talk about civil liberties, I don't think we're a very good messenger."

Let's stipulate that candidates usually cannot be held responsible for the endorsements they receive. But Mr. Trump's fans around the world are an eyebrow-raising bunch. They include Viktor Orbán in Hungary. (Fine.) The Le Pens in France (all three of them). Robert Mugabe in Zimbabwe. Mr. Putin in Russia. And Kim Jong Un in North Korea.

Why should Kim Jong Un be warm to Mr. Trump? Because the Republican nominee has questioned America's alliance with South Korea. He has also

questioned its alliance with Japan, all of which makes East Asian democracies nervous.

The Baltic states, among others, have reason to be nervous as well. Mr. Trump has said that he would come to their aid only if they had paid their dues, as NATO members. The Estonian president, Toomas Hendrik, was quick to say that his country, for one, was all paid up.

Almost never does either Mr. Trump or Mrs. Clinton talk about freedom, democracy, or human rights. These things are thought to have a "neoconservative" smell. What do you do if you're a conservative in the Reagan-Thatcher mold, and an American voter? This November, there is precious little to choose from.



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## TWO SHOCKS TO THE EUROPEAN SECURITY SYSTEM

#### by Paul Vallet

The "Brexit" vote on 23 June and the military coup in Turkey on 15 July 2016 constitute two recent and simultaneous shocks to the European security system by compromising and complicating the close relations both countries have had respectively with the EU and NATO. As surprising, but not implausible outcomes of political trends in both countries, these two shocks must now help European political forces to promote innovative relations between Europe and both countries, centred on the maintenance of good dialogue and working cultures, especially in the security sphere.

n the last 25 years, the post-Cold War security system of Europe has survived through adapting and broadening the two pillars of Western solidarity and working in common: the Atlantic Alliance and the European integration process. These resisted the stress caused by the decomposition of the Soviet-imposed order in Central Europe and of the Yugoslav state created after the First World War. While NATO's evolution centred around enlargement and, after September 11, 2001, the enhanced possibility of outof-area interventions, European integration moved from an economic and trade community towards a stronger political and monetary Union, and also enlarged to include most of East-Central Europe. The past few years have added new tests to both NATO and the EU, some internal such as the

economic and financial crisis, but also many external, such as the reassertion of Russian power and aggressiveness, and the chaos engendered in the Southeastern periphery of Europe by the Arab revolutions in North Africa and the Levant. While these developments already raised questions as to the adequate response that NATO and the EU could give to them, the summer of 2016 has seen, within a few weeks, two major shocks to the European security system. These shocks, whose consequences are long-term and thus still being measured and observed, are the British vote to exit the European Union and the attempted military coup in Turkey.

Naturally, a democratic referendum in Britain on membership of an international organization, and an attempted putsch by a fraction of the Turkish armed forces against the constitutional government are two very different events. However, both have the potential to destabilize not just important pillars of European security, but also the assumptions and concepts upon

The relationship to Europe caused the downfall of Margaret Thatcher in 1990, weakened the successive cabinets of John Major in 1990-1997, divided the three governments of Tony Blair (1997-2007), even if the political expression of yearning for "Brexit" was nominally left to a fringe formation, the UK Independence Party. Britain opened its labour market to workers of the new Central European EU member states upon accession in 2005, but it wasn't until the financial crisis in 2008-2009 that this immigration wave raised strong rejection among British working class populations hit by austerity measures.

which a European security architecture has lain upon. This is why they call for careful assessment and observation, and they invite, over the course of time, a policy response carried by European political forces. The shocks show dysfunctions in the European security apparatus. The onus is on European political forces to understand the problems and to put forward solutions.

Both events, despite their different nature, have elements in common. The first is their surprising character, defying expectations. The second is their revelation of underlying trends and political dynamics that have been at work for some time. The third is their challenge to the established institutions and policies, who will have to learn to function despite the changing role eventually played by the two countries. These two countries' geographical position, close to the periphery, gives them not only a particular place in European security, but also enhances their geopolitical and geostrategic relevance to Europe.

The surprising character of both events constitutes a first common denominator. The shock was confirmed by the immediate regional and global reactions, usually panicked ones. The second common trait, that of resulting of ongoing processes and dynamics, also appears to careful observers of both British and Turkish politics. Yet, up to their occurrence, conventional wisdom appeared to rule these events out, as improbable. It is this aspect of both being "worst-case scenarios" that explains the magnitude of their shocking effect.

The British referendum had been called nearly three years prior, and before a general election which returned the Conservative Party to a comfortable majority. Referenda, however, are unusual in the British political system. The autumn 2014 consultation on Scotland's independence indicated the degree of uncertainty, to the last moment, of their outcomes. As for the coup in Turkey, no such forceful attempt had occurred since 1980,

excepting the pressure applied by the armed forces and other staunchly Kemalist institutions in 1997 to force the resignation, following due legal process, of an earlier Islamist government headed by Necmettin Erbakan.

The outcome of the British referendum precipitated a crash of the financial markets wiping off 2 trillion dollars of value worldwide before resettling. It brought about the fall of the Cameron cabinet, a tense power struggle within the Conservatives, and a still ongoing leadership crisis in Labour. Strong demands from several Continental governments for an accelerated, nearly immediate enforcement of the withdrawal procedure by Britain also reflected the shock felt outside the UK.

In Turkey, a confusing situation unfolded during the night of 15-16 July. There was disbelief that the armed forces, supposedly tamed by 13 years of governments under Recep Tayyip Erdogan, could try to overthrow the constitutional government. This explains the very cautious reactions of Turkey's European and US allies. The ongoing investigations, arrests and sackings extend way beyond those military units implicated, to civilian government departments, the media, and business, suspected of sympathizing with the putsch. This amplified the malaise which Turkey's Western partners have continued to feel despite their relief at its failure. A fault line of mistrust has drawn itself between the Erdogan regime and these partners,

and their delicate, albeit strategically necessary relationship is currently fractured.

That both events were not only a possibility, but resulted from dynamics at work appears more clearly to experts in hindsight. No connoisseur of the British political scene could fail to sense the strength of the anti-European, not just Euro-skeptic, sentiment in large sections of British society, and its particular grip on popular media. The relationship to Europe caused the downfall of Margaret Thatcher in 1990, weakened the successive cabinets of John Major in 1990-1997, divided the three governments of Tony Blair (1997-2007), even if the political expression of yearning for "Brexit" was nominally left to a fringe formation, the UK Independence Party. Britain opened its labour market to workers of the new Central European EU member states upon accession in 2005, but it wasn't until the financial crisis in 2008-2009 that this immigration wave raised strong rejection among British working class populations hit by austerity measures. Positive representations of British EU membership perhaps continued to dominate in the establishment of British politics, business and culture. Yet the undercurrent of resentment, and a more abstract belief in alternatives was widespread among various categories of the British electorate, so a "Brexit" victory was not viewed as impossible. The more surprising aspect remains in the still highly speculative vision of what British policy can achieve, and

where it should aim, after this victory, despite the mathematical dominance of voters favouring "Brexit".

As for Turkey, experts also noted that for all Recep Tayyip Erdogan's consolidation of power, ten years prime

A complicated exit process opens between Britain and the EU. Much will depend on the enduring domestic political credibility and strength of the UK government, alongside its negotiating capacity and opportunities with the other 27 governments, but also with major non-European partners, the USA chiefly among them.

minister, and even more as president, a non-negligible element of civilian opposition certainly remained. This was seen during the Gezi Park protests in Istanbul two years past, and in the remarkable loss of the AK Party's parliamentary majority during the summer of 2015. Following a dire economic and social situation at the dawn of the century, the Erdogan years saw a boom leading Turkey into the ranks of emerging powers and increased geostrategic leverage both in Europe and in the Middle East. Even opponents approved the curbing of military powers to the advantage of the civilian institutions. The government was also credited, until reversing course in 2015, for attempting a negotiated peace with the Kurds. Yet a markedly authoritarian turn, from 2013, also fuelled resentment of the Erdogan and

AK party regime in some quarters. The Gezi Park protests and accusations of cronyism and corruption against the president's entourage only accelerated the government's clamp down on press freedoms. The fear of a conspiracy by the Gulenist movement, the AK Party's erstwhile ally against the Kemalist military and social circles, led to the preventative establishment of lists of people to be targeted by the now ongoing purge of the civil service, the education and justice systems, the media and business. On the international front, the government's "Neo-Ottoman" foreign policy posture reached an impasse with the stalemate of revolution in Syria, the rise of ISIS in both Syria and Iraq, the new clout of Iran and the collapse of the AK Party's ideological soul-mate, the Muslim Brotherhood government in Egypt. The coup by a fraction of the military underscored the important loyalty of a majority of the forces, and the willingness of all civilian formations of Turkish politics to resist a military junta. It appears in retrospect as the more improbable scenario among plausible attempts by opposition forces to curtail president Erdogan.

Both the British and Turkish events challenge established and institutionalized policies of the European political and security architecture, in today's tense international context, which the establishment of an ISIS territorial entity in the summer of 2014, coinciding with the outbreak of the Ukrainian-Russian conflict, have already

tested. What common lessons can be drawn at this stage from both developments by European decision-makers, and what potential responses can be carried by European political forces, the conservatives in particular?

A complicated exit process opens between Britain and the EU. Much will depend on the enduring domestic political credibility and strength of the UK government, alongside its negotiating capacity and opportunities with the other 27 governments, but also with major non-European partners, the USA chiefly among them. Arguably, the choice for "Brexit" is not supposed to weaken Britain internally or externally; which is why many advocate a minimalist withdrawal that preserves the most advantages, including a cooperative working culture with continental partners, access to their goods and services markets, remaining part of the European trade block on the global scale, and partnership in security matters, whether in the military, anti-terrorist or law enforcement domains. The UK's potential and contribution in the latter issue is its strongest card to play as a substitution for EU membership. Britain has a vested interest in maintaining a strong NATO but also a strong European defence pillar, which needs reinforcement, not to alleviate the effects of Brexit, but because of the tensions in Europe's security perimeter and destabilization attempts made East and South of the region. European conservative parties should be well geared to promote a strong collective

defence. It is important within NATO but also within the European Security and Defence Policy, because they are both collective in nature, and provide the day-to-day collaborative working cultures that make a difference. Security and defence policies are areas in which European conservatives, despite their regard for national sovereignty, can argue that it does not equate with isolationism. Rather, it delivers innovative and collaborative solutions to the common problem of keeping European people safe and prosperous.

Turkey's evolution is, like the Brexit negotiations, a script still in writing. The consolidation of president Erdogan's personal power is likely, but how further the purge and repression amplify is difficult to determine. This will affect future relations between Turkey, Europe and NATO. Normalizing Turkish-Russian relations can be a stabilising factor, if it does not lead Turkey to enter an anti-Western axis with Moscow and Beijing. A high-quality, conditional dialogue and working relationship needs to be pre-

With their expertise in the matter, European conservative political parties can play a crucial role: not only in directing their domestic audiences towards these imperatives, but in implementing these policies at the international level in Europe and further, ensuring that the better outcome eventually surfaces from these two turbulent events. served with Turkey, with a long-term vision in mind, as is the case for future British-European relations. NATO is the existing channel through which the security and defence dimensions are broached, but there is also a case for the future EU-Turkey relationship. Turkish membership of the EU is now recognized as an improbable outcome. This puts all the more onus on the UK, and, especially, on conservative forces, to achieve a formula of partner relations that could inspire the future inclusive, but not fully integrated, European-Turkish partnership. To make it a more realistic and attractive option than the vague and ill-defined one, promoted up to now by those opposed to Turkey's full accession to the EU. Keeping dialogue flowing could also involve, virtuously, other Turkish parties beyond the AK, soliciting their input and participation. European conservatives and others must keep open many channels of discussion with Ankara towards this effect, exploit existing networks of dialogue and cooperation, all the while trying to keep Turkish politics an inclusive, multiparty system.

The two shocks to the European security system in the summer of 2016, compromising Britain's relationship with the EU on one hand, and Turkey's with both Europe and NATO on the other, need not be fatal. On the contrary, they must stimulate European leaders and politicians, as well as their transatlantic partners, towards innovative thinking and constructive proposals. The strategic aim ought to preserve and improve dialogue and cooperative structures, rather than scuppering them. With their expertise in the matter, European conservative political parties can play a crucial role: not only in directing their domestic audiences towards these imperatives, but in implementing these policies at the international level in Europe and further, ensuring that the better outcome eventually surfaces from these two turbulent events.



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## THE LIBERALIZING IMPACT **OF JURISDICTIONAL COMPETITION**

by Daniel J. Mitchell

conomic rivalry between governments, especially tax competition, is a very important tool for constraining the greed of the political class. Simply stated, politicians are less likely to impose bad policy if they are afraid that jobs and investment (and accompanying tax revenue) will move to nations with better laws. Jurisdictional competition can exist inside a nation, with American states and Swiss cantons being notable - and mostly noncontroversial – examples.

Competition between nations is very controversial, by contrast, especially tax competition. High-tax nations, along with international bureaucracies controlled by those nations (such as the Organization for Economic Cooperation and Development and European Commission) would like to stifle this liberalizing process. So-called tax havens are the main target of efforts to replace tax competition with tax harmonization.

Proponents of tax competition say it provides a much-needed check on excessive government. Politicians, after all, have little incentive to control spending and reform programs if they

think that higher taxes are an option. So how do we control their appetite for more revenue? There's no silver bullet solution, but part of the answer is tax competition and tax havens. Politicians are less likely to over-tax and overspend if they're afraid that the geese that lay the golden eggs can fly across the border. In other words, tax competition is a necessary but not sufficient condition to promote good policy.

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#### THE (MODERN) HISTORICAL RECORD

The angst of politicians is understandable. Consider what happened after Ronald Reagan lowered the top federal income tax rate in the United States from 70 percent to 28 percent, and after Margaret Thatcher lowered the top tax rate in the United Kingdom from 83 percent to 40 percent. Those reforms led to an economic renaissance in the two nations, but these tax cuts also encouraged similar tax-rate reductions all over the world as politicians in other nations felt pressure to improve their tax systems so that there was not a big exodus of jobs, investment, and money to the U.S. and U.K.

The same thing happened with corporate tax rates, except Ireland probably deserves most of the credit. Ireland's corporate tax rate was slashed from 50 percent to 12.5 percent over about a 15-year period starting in 1987. The "sick man of Europe" became the "Celtic Tiger" because of rapid growth, which was good news, but it also has been good news because progrowth reforms in Ieland triggered a competitive battle as other nations cut their corporate rates to retain jobs and investment.

Thanks in part to tax competition, there's also been a flat tax revolution. More than two dozen nations now have single-rate tax systems, mostly triggered by Estonia's reform in the 1990s. The other Baltic nations copied Estonia and now this pro-growth system is very common among the nations that used to be part of the former Soviet Empire.

Lawmakers also felt pressure to lower or eliminate death taxes and wealth taxes, as well as to reduce the double taxation of interest, dividends and capital gains. Once again, tax havens deserve much of the credit because politicians presumably would not

Academic researchers have looked at the issue of why the western world became rich and other regions lagged. The answer, at least in part, is that there was lots of decentralization in Europe. And this is what facilitated a big burst of prosperity. have implemented these pro-growth reforms if they didn't have to worry that investors and entrepreneurs might shift money to a confidential account in a well-run nation like Luxembourg or Singapore.

All of these examples of tax competition have been facilitated by globalization. It's now much easier for jobs and investment to cross national borders. This forces politicians to be especially sensitive to the impact of potential tax changes. In other words, governments no longer can act like monopolists, assuming that taxpayers have no choice but to submit to punitive tax regimes.

## THE (OLDER) HISTORICAL RECORD

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What makes this especially noteworthy is that, during the dark ages, nations like China were relatively advanced while Europeans were living in squalid huts. And China had what was perceived to be an "efficient" and centralized administrative system, something that modern advocates of centralization say is a prerequisite for advancement. So why, then, did Europe experience the enlightenment

and industrial revolution while the empires of Asia languished? Simply stated, Europe benefited from the fact that governance was decentralized. This meant jurisdictional competition, diversity of governmental structures. More specifically, governments were forced to adopt better policies because labor and capital had significant ability to cross borders in search of less oppression.

#### GOOD PROCESS AND GOOD POLICY

One of the main benefits of tax competition is that it promotes good tax policy. Public finance economists generally prefer low rates over tax rates and also recognize that it's not good to place higher burdens on saving and investment compared to consumption.

Politicians, however, often are tempted to impose high tax rates and lots of double taxation because that's a way of "taxing the rich" in order to get money that can be used to give benefits to a broader population of voters. This may be smart short-run politics, but it's not good economic policy. Even small reductions in growth will magnify over time, resulting in significantly lower levels of economic output.

Tax competition, by contrast, inhibits this tendency of politicians to impose destructive tax policy. And since lower tax rates and reductions in double taxation are key ways of reducing the Vernon Smith pointed out that jurisdictional competition, "...is a very good thing... Competition in all forms of government policy is important. That is really the great strength of globalization ... tending to force change on the part of the countries that have higher tax and also regulatory and other policies than some of the more innovative countries."

harmful impact of tax systems, the process of jurisdictional competition has been very beneficial to the global economy.

Nobel Prize-winning economists certainly seem to understand that jurisdictional competition is a good idea.

George Stigler noted that, "Competition among communities offers not obstacles but opportunities to various communities to choose the type and scale of government functions they wish."

Gary Becker wrote that, "... competition among nations tends to produce a race to the top rather than to the bottom by limiting the ability of powerful and voracious groups and politicians in each nation to impose their will at the expense of the interests of the vast majority of their populations."

James Buchanan similarly stated that "...tax competition among separate units...is an objective to be sought in its own right."

Milton Friedman famously noted that, "Competition among national governments in the public services they provide and in the taxes they impose is every bit as productive as competition among individuals or enterprises in the goods and services they offer for sale and the prices at which they offer them."

Edward Prescott paraphrased Adam Smith, observing that "... it's fair to say that politicians of like mind seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise taxes. This is why international bureaucracies should not be allowed to create tax cartels, which benefit governments at the expense of the people."

**Edmund Phelps** has warned that, "...it's kind of a shame that there seems to be developing a kind of tendency for Western Europe to envelope Eastern Europe and require

On the other hand, the United States is a tax haven for foreigners. People from other nations (technically, "nonresident aliens") generally can invest in stocks and bonds and not be taxed on any interest or capital gains. And since that money isn't taxed, there's no requirement to provide any data to the IRS. All of which means that there's no information to share with foreign governments.

But that's only part of the story.

of Eastern Europe that they adopt the same economic institutions and regulations and everything."

**Douglas North** opined that, "... international competition provided a powerful incentive for other countries to adapt their institutional structures to provide equal incentives for economic growth and the spread of the 'industrial revolution.'"

Friedrich Hayek wrote that, "Competition between local authorities or between larger units within an area where there is freedom of movement...will secure most of the advantages of free growth."

Vernon Smith pointed out that jurisdictional competition, "...is a very good thing... Competition in all forms of government policy is important. That is really the great strength of globalization ... tending to force change on the part of the countries that have higher tax and also regulatory and other policies than some of the more innovative countries."

## THE BATTLE AGAINST TAX COMPETITION

Politicians from high-tax nations have launched an attack against international tax competition. Using the Paris-based Organization for Economic Cooperation and Development (OECD) as their vehicle,



they are pushing an agenda based on a theory that presumes that all tax competition is bad and that taxpayers should never have the ability to benefit from better tax laws in other jurisdictions.

According to this theory, known as "capital export neutrality," there should be harmonization so that tax-

payers never have an opportunity to make choices that would reduce their fiscal burdens. There are two ways to make this happen.

Direct tax harmonization exists when all nations agree to have the same tax rates. The requirement that all European Union nations have a value-added tax of at least 15 percent would be an example of this approach. And when all nations have the same tax rate for a type of economic activity, taxpayers obviously cannot lower their tax burdens by shifting economic activity to another jurisdiction.

Indirect tax harmonization exists when nations have the ability to impose and enforce "worldwide taxation," which means that their tax authorities can obtain all the information needed to tax their citizens on any cross-border economic activity. And when worldwide taxation is enforceable, taxpayers obviously cannot lower their tax burdens by shifting economic activity to another jurisdiction.

The OECD and high-tax nations have mostly focused on the second form of tax harmonization, which is why there's been such a strong push to undermine the strong human-rights laws regarding financial privacy in places such as Switzerland and the Cayman Islands. High-tax governments want the ability to track capital around the

world so they can impose additional layers of tax.

Though there also have been periodic efforts for direct tax harmonization, particularly in the European Union where there is considerable cartel-like equalization of excise taxes and (as noted above) value-added taxes. In addition, the EU has tried several times to explicitly harmonize corporate tax rates. Today, the EU is pursuing a "common consolidated corporate tax base" in hopes of undermining tax competition for company investment, and the OECD has a similar "base erosion and profit shifting" initiative that also is designed to enable higher tax burdens on companies.

#### **AMERICAN HYPOCRISY**

The policies of the United States are very hypocritical on the issue of tax competition. On one hand, America has a very aggressive worldwide tax system and the United States has been very aggressive in bullying other jurisdictions into enforcing bad American tax law. The so-called tax havens have been coerced into signing "tax information exchange agreements" (TIEAs) with the United States, though these pacts don't actually involve any "exchange" since these jurisdictions don't try to tax outside their borders. The Foreign Account Tax Compliance Act (FAT-CA), adopted back in 2010, uses the threat of a protectionist 30 percent tax on financial flows to force all

nations (even places like France with very high tax burdens) into acting as deputy tax collectors for the IRS.

On the other hand, the United States is a tax haven for foreigners. People from other nations (technically, "nonresident aliens") generally can invest in stocks and bonds and not be taxed on any interest or capital gains. And since that money isn't taxed, there's no requirement to provide any data to the IRS. All of which means that there's no information to share with foreign governments. But that's only part of the story. Many American states have incorporation laws that are extremely attractive to foreigners who want confidential structures to conduct business and manage investments. Indeed, some American states don't even bother collecting information on ownership, so there's no information to share with foreign governments.

This combination – good federal tax law and good state incorporation laws – makes the United States a very attractive place for foreigners seeking to escape excessive tax burdens. And it also happens to be a boon for the American economy. According to the Commerce Department, foreigners have more than \$13 trillion of indirect investments in the United States.

## GOOD VS BAD TAX COMPETITION

Tax competition is a very necessary and valuable liberalizing force in the global economy. It has produced good results, as measured by significant reduction in tax rates and reduced levels of double taxation of saving and investment.

This doesn't mean, however, all forms of tax competition are equally desirable. If a country lowers overall tax rates on personal income or corporate income in hopes of attracting business activity, that's great for prosperity. If a jurisdiction seeks faster growth by reducing double taxation - such as lowering the tax rate on capital gains or abolishing the death tax, that's also very beneficial. Some politicians, however, try to entice businesses with special one-off deals, which means one politically well-connected company gets a tax break while the overall fiscal regime for other companies stays

#### CONCLUSION

Politicians have an unfortunate tendency to over-tax and over-spend. Fortunately, tax competition is an external constraint that discourages destructive tax policies. But if high-tax nations and international bureaucracies succeed in their campaign against low-tax jurisdictions, it's quite likely that nations will go back to the confiscatory tax rates that did so much damage to global growth in the 1970s. This is why tax harmonization schemes from the OECD and EC are contrary to the interests of both taxpayers and the economy.



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## AMERICA'S OUTDATED EUROPE POLICY: IN 2017, THE NEXT PRESIDENT MUST ADAPT TO NEW REALITY\*

#### by Ted Bromund

Since the end of World War II, U.S. policy toward Europe has drifted, without deliberate thought, far from its initial premises—while Europe itself has changed beyond recognition. It is time that the U.S. recognized this fact. The incoming President should direct the National Security Council (NSC) to oversee a comprehensive study of U.S. policy toward Europe, a study to be based on the enduring American interests in Europe, the lessons of the post-1945 era, and on the new facts of Europe that have emerged since 1989.

## THE U.S.'S POST-WAR EUROPE POLICY

fter 1945, U.S. policymakers wanted, and expected, to withdraw U.S. forces from Western Europe in relatively short order. But the emerging Cold War rendered this impossible, and it soon became obvious that the U.S. would have to remain committed to a security role in Europe. Simultaneously, the U.S. realized that Western Europe was more economically, socially, and politically fragile than it had expected, and it embarked on an extensive program of support for the embattled democracies of Western Europe, a program epitomized by the Marshall Plan, launched in 1948.

The U.S.'s policies were genuinely liberal: They emphasized supporting sovereign and democratic governments, empowering federal government in Germany as a counter-weight to the power of Berlin, backing free trade and multilateral economic cooperation through the Organisation for European Economic Co-operation (later the Organization for Economic Co-operation and Development), and providing short-term reconstruction and currency assistance during the post-war adjustment period through the International Bank for Reconstruction and Development (later the World Bank) and the International Monetary Fund (IMF)1

<sup>1.</sup> Having accomplished their mission in Europe, the World Bank and the IMF did what all bureaucracies do: invent a new mission in order to avoid having to close up shop. Skeptics of these institutions should bear in mind that they now bear little similarity to their original purposes.

For some, that goal was to create a European rival to the United States; for others, it was to develop a new form of governance that would be based not on the nation-state, but on supranational bureaucracies that would be subject to only nominal and increasingly limited democratic control. The President of the European Commission, Jean-Claude *Juncker, recently evidenced his devotion* to this goal when he castigated European politicians for "listening exclusively to their national opinion...[and] not developing what should be a common European sense.... We have too many part-time Europeans."

> All of these activities were intended to reinforce each other. The overriding American concern was to prevent the takeover of European nations by fascist or Communist forces. In the 1930s, economic disaster had paved the way for the rise of fascism and Nazism; in the post-war world, Americans were concerned that the military threat posed by the USSR, or another economic slump, would lead to a renewed loss of European confidence, another political collapse, and another war. Having already fought two great wars in Europe in 30 years, the U.S. did not want to fight a third. The threat posed by Soviet invasion, though real, was less immediate than the threat of European weakness.

> But, by the same token, the U.S. did not want to support Western Europe indefinitely. The U.S. wanted to find ways to

set the European democracies on their feet, so that they would be able to defend themselves, and make a contribution to the worldwide struggle against the Soviet Union. To that end, the U.S. regularly urged the Western European nations to increase their defense spending and to lower their internal trading barriers, on the grounds that freer trade would make the Western world better off economically, and more democratic politically. But behind these priorities, the basic U.S. interest in Europe was always centered on national security.

## THE CHANGING EUROPEAN ENVIRONMENT

By and large, this U.S. policy was remarkably successful, because it arose from a coherent and reasonable diagnosis of the causes of the rise of Nazism, and thus of World War II. The U.S. certainly succeeded in preventing a renewed European catastrophe.

After the end of the Cold War, the U.S. believed it could, at last, safely reduce its exposure to Europe. Thus, the U.S. increasingly came to see support for the European Union as the be-all of its European policy. U.S. backing for the EU is a sign not of U.S. commitment to Europe, but of the waning of that commitment, the end of serious U.S. thought about how it should uphold American interests on the continent, and—instead—the outsourcing of those interests to the EU.

This was an unrealized revolution in U.S. foreign policy. The U.S. had in-

itially supported European political integration as a means to the end of winning the Cold War, though the initiative for the core European political institution, the Coal and Steel Community, came from France. For the U.S., integration was then one policy among many, not an all-consuming ideology. But for many European politicians, the European Economic Community (later the EU), was not a means to an end, but a goal in itself.

For some, that goal was to create a European rival to the United States; for others, it was to develop a new form of governance that would be based not on the nation-state, but on supranational bureaucracies that would be subject to only nominal and increasingly limited democratic control. The President of the European Commission, Jean-Claude Juncker, recently evidenced his devotion to this goal when he castigated European politicians for "listening exclusively to their national opinion... [and] not developing what should be a common European sense.... We have too many part-time Europeans." <sup>2</sup>

The end of the Cold War not only brought changes to America's policy in Europe: It had a transformative effect



<sup>2.</sup> Matthew Holehouse, "Prime Ministers Listen Too Much to Voters, Complains EU's Juncker," Telegraph, May 5, 2016, http://www.telegraph.co.uk/news/2016/05/05/prime-ministers-listen-too-much-to-voters-complains-eus-juncker/(accessed May 10, 2016).

inside Europe itself. Of course, the end of the Cold War liberated Eastern Europe. But it also liberated the EU to push the cause of supranationalism further and faster than it had been pushed before.

During the Cold War, the basic fact that the peoples of Western Europe were loyal to their nations—not to the idea of Europe—limited the ability of Brussels, and of the most enthusiastic believers in the European idea, to advance the cause of political Europe. As a result, before the 1990s, political integration did not reach very deeply into the nations of Europe. It was a matter for, and it appealed to, the political elite.

But when the restraint of the Cold War was removed, the EU could suddenly go much further and faster—and the resulting instability led only to calls for it to go further and faster still. The EU, for example, embarked on fundamentally political projects, such

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as the EU-wide euro currency. When the euro failed, it badly exacerbated the economic and political divides between northern and southern Europe, and played a major role in the still-ongoing European financial crisis. Suddenly, an EU institution, for the first time, touched the lives of all the peoples of Europe in a visible way, one that many of them resented. Yet the instinct of the EU bureaucrats was not to slow down, or to reverse: It was to speed up.

At the same time, the Russian invasion of Crimea and Ukraine exposed yet again-after the disastrous farce of the Balkan Wars of the 1990s—the hollowness of the EU's pretensions in the security realm, while the casual way that Germany's Angela Merkel invited over a million Middle Eastern and North African refugees into the continent testified to how EU-wide policy can, in practice, be made by a single individual. These failures have, inevitably, led to calls for yet more Europe: A recent, but by no means final, EU demand, backed by leading German politicians, is for a European army that would slowly sideline NATO.3

## WHAT THE U.S. SHOULD DO

The incoming President should direct the National Security Council to oversee a full-dress reassessment of U.S. policy toward Europe—not to reject all current U.S. commitments, but to examine, starting from first principles, how to secure enduring American interests in Europe in the post–Cold War world.

As in 1945, the first U.S. interest in Europe is peace. As contributions to peace, and for their intrinsic value, the U.S. also values prosperity and democracy. In short, the interests of the U.S. in Europe have not changed. But the U.S. has not reassessed its approach to Europe since the end of the Cold War. Instead, it has drifted lazily into an increasing reliance on the European Union, in a way that, as demonstrated by President Obama's intervention in Britain's EU referendum, has become unthinking dogma.

The threat to peace in Europe today derives from its troubled periphery, from an aggressive Russia to the chaotic Middle East. It is still in the interests of the U.S., as it was in the 1940s, to help Europe's democracies defend themselves from these threats, and the best tool for that purpose is still NATO. Any organization, including the EU, which detracts from this transatlantic instrument does a profound disservice to basic American and European interests.

The EU, by contrast, avowedly regards the nation-state, and its elected politicians, as problems that must be overcome. The EU is a terrible teacher of liberal values precisely because it is not based on them: It is based, instead, on a transformative, utopian vision of illiberal supranationalism. Promoting illiberalism in the hope that it will combat illiberalism will only leave Europe, and the U.S., with more illiberalism.

The issues of prosperity and democracy are closely linked. While many EU economies would have slow growth or high debt without the euro, the euro has made their position worse: As they cannot devalue externally, they have been forced to devalue internally. That, in turn, has placed their political systems under stress. The U.S. needs to re-learn a lesson from the 1930s: Bad economics lead to bad politics.

Nor is the answer to political extremism in Europe a further dose of European integration: If more Brussels was the answer, the problem of extremism would not have appeared in the first place. Moreover, as Anton Shekhovtsov of the Legatum Institute notes, "EU and NATO structures have proven to be much worse at monitoring the behavior of current members than they were at persuading outsiders to join." <sup>4</sup>

<sup>3.</sup> Juncker: NATO Is Not Enough, EU Needs an Army," EurActiv, March 9, 2015, http://www.euractiv.com/section/global-europe/news/juncker-nato-is-not-enough-eu-needs-an-army/(accessed May 11, 2016).

**<sup>4.</sup>** Anton Shekhovtsov, "Is Transition Reversible? The Case of Central Europe," Legatum Institute, January 19, 2016, http://www.li.com/activities/publications/is-transition-reversible-the-case-of-central-europe (accessed May 11, 2016).

The fundamental problem facing Europe today is the same as it was in 1945: It is not clear that the peoples of Europe, including those of Eastern Europe, are committed to genuinely liberal values. The way to promote those values over the long run is to stand up for the sovereign and democratic nation-state, which is the political entity designed to be compatible with those values. It was in defense of the democratic nation-state, after all, that the U.S. opposed both Nazism and Communism.

The EU, by contrast, avowedly regards the nation-state, and its elected politicians, as problems that must be overcome. The EU is a terrible teacher of liberal values precisely because it is not based on them: It is based, instead, on a transformative, utopian vision of illiberal supranationalism. *Promoting* illiberalism in the hope that it will *combat* illiberalism will only leave Europe, and the U.S., with *more* illiberalism.

If the U.S. continues to base its European policy on unthinking support for the EU, it will continue to see more economic strains, rising illiberalism—and a weaker transatlantic security relationship in the bargain. That is not in the interests of the nations of Europe—or of the United States. The true interest of the U.S. is to return to the ideas that saved Europe after 1945—the ideas of economic freedom, multilateral cooperation for security and prosperity, and democratic national government.



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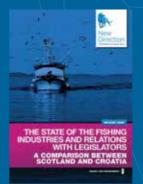
The article has been originally published by The Heritage Foundation on May 18, 2016

















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