

# Domestic Determinants of Foreign Policy

in the European Union and the United States

Daniel S. Hamilton and Teija Tiilikainen, Editors





# **Domestic Determinants of Foreign Policy in the European Union and the United States**

**Daniel S. Hamilton and Teija Tiilikainen**  
*Editors*

Center for Transatlantic Relations  
The Paul H. Nitze School of Advanced International Studies  
Johns Hopkins University

Finnish Institute of International Affairs (FIIA)

Daniel S. Hamilton and Teija Tiilikainen, eds., *Domestic Determinants of Foreign Policy in the European Union and the United States*

Washington, DC: Center for Transatlantic Relations and Finnish Institute of International Affairs, 2018.

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**Center for Transatlantic Relations**

The Paul H. Nitze School of Advanced International Studies

The Johns Hopkins University

1717 Massachusetts Ave., NW, 8th Floor

Washington, DC 20036

Tel: (202) 663-5880

Fax: (202) 663-5879

Email: [transatlantic@jhu.edu](mailto:transatlantic@jhu.edu)

<http://transatlantic.sais-jhu.edu>

**Finnish Institute of International Affairs**

P.O. Box 425

Arkadiankatu 23B

00100 Helsinki, Finland

Tel: +358 9 432 7701

Email: [info@fiia.fi](mailto:info@fiia.fi)

<http://www.fiia.fi>

ISBN: 978-1-947661-02-8

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## Preface and Acknowledgements

Public and elite attention traditionally focuses on foreign policy actors and actions in their international context; relatively less is understood about the evolving domestic context in which foreign policies are formulated on each side of the Atlantic, and how those domestic determinants interact to influence the role of the United States and of the European Union (EU) in the world. The election of Donald Trump as U.S. President, the decision of British voters to leave the EU, and popular pressures on governments of all stripes and colors to deal with the domestic consequences of global flows of people, capital and terror all highlight the need for greater understanding of such domestic currents and their respective influence on U.S. and European foreign policies.

With this in mind, the Center for Transatlantic Relations at Johns Hopkins University SAIS and the Finnish Institute of International Affairs (FIIA) initiated a research project comparing important domestic trends on each side of the Atlantic, with a view to the implications for U.S. and EU foreign policies. Our comparative approach looks at domestic political currents, demographic trends, changing economic prospects, and domestic institutional and personal factors influencing foreign policy. We asked European and American authors to look at often-underexplored domestic trends and often-misunderstood domestic institutions to explain the nature of direction of both U.S. and European foreign policies. The European authors were asked to focus additionally on how domestic currents within EU member states affect not only national foreign policies, but foreign policy at the level of the EU—itsself a work in progress.

We would like to thank our authors for their insightful contributions, and also our colleagues Margaret Irvine, Peter Lindeman, and Jason Moyer for their help and support.

The views expressed are those of the authors, and do not necessarily reflect those of any institution.

*Daniel S. Hamilton  
Teija Tülikainen*





## *Introduction*

# **Domestic Drivers of Foreign Policy in the European Union and the United States**

*Daniel S. Hamilton and Teija Tiilikainen*

Foreign policy begins at home, and on each side of the North Atlantic the domestic drivers of foreign policy are shifting in important ways. In this volume we, together with a group of European and American scholars, take a closer look at the domestic determinants of EU and U.S. foreign policy, with a view to the implications for transatlantic relations. We examine domestic political currents, demographic trends, changing economic prospects, and domestic institutional and personal factors influencing foreign policy on each side of the Atlantic. The European authors were asked to focus additionally on how domestic currents within EU member states affect not only national foreign policies, but foreign policy at the level of the EU—itself a work in progress.

The election of Donald Trump as U.S. president, the decision of British voters to leave the EU, and popular pressures on governments of all stripes and colors to deal with the domestic consequences of global flows of people, money, and terror all highlight the need for greater understanding of such domestic currents and their respective influences on U.S. and European foreign policies.

Together with our authors, we offer a rich portrayal of the changing domestic landscape for Europeans and Americans. We underscore the deep and multi-faceted ties that still bind not only foreign policy elites but economies and societies on both sides of the North Atlantic. But we also highlight how public attitudes regarding globalization have become polarized on each side of the Atlantic, and how such cleavages can affect the transatlantic relationship. The book underscores how the complicated interplay among domestic institutions can affect U.S. and EU approaches to each other and to the world. And when it comes to Europe, the analyses show how the varying role played by EU-level institutions in different branches of external relations adds an additional layer of complexity when it comes to understanding the EU's ability to complement, enhance, or substitute for the foreign policies of individual EU member states.

## Demographic Change

In our first section, we explore how underlying demographic trends may affect U.S. and EU foreign policy priorities.

How does the changing ethnic and regional mosaic of American society affect views on key U.S. foreign policy issues? What effect, if any, may be discernible in U.S. approaches to Europe? As America's demography shifts, some observers are inclined to think that U.S. opinion on foreign policy will shift as well. Across Europe there is a widely shared assumption that the diminishing share of the U.S. population originating from Europe will in due course weaken U.S. interest in and commitment to the transatlantic relationship. Particular attention has been paid to Hispanic Americans, who will account for most of the nation's population growth through 2050 and are driving an historic shift in America's demographic landscape. Asian Americans are growing at an even faster rate, yet account for a far smaller proportion of the overall population.

German Foreign Minister Sigmar Gabriel has expressed European concerns succinctly: "U.S. society is changing rapidly. In the foreseeable future, the majority of Americans will not be of European descent—they will have Latin American, Asian or African roots. That is why the United States' relations with Europe will not be the same as before."<sup>1</sup>

While this perspective may seem quite odd to many Americans, Gabriel gives voice to a latent angst in Europe that America's heart and mind are drifting toward the Pacific, or to other regions of the world, because American society is becoming less "European" and more of everything else. There is a corresponding anticipation that the common value basis for transatlantic partnership is likely to weaken.

Dina Smeltz and Karl Friedhoff strongly refute these superficial assumptions. Drawing on extensive public opinion data, they demonstrate rather conclusively that there is no significant correlation between shifting demographic trends and U.S. foreign policy priorities in general or U.S. attitudes to Europe in particular. Appreciation of Europe as a partner, including a commitment to cooperate with it, enjoys equal support irrespective of age group or ethnic background, and equally among elites and the broader public.

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<sup>1</sup> Sigmar Gabriel, "Europe in a More Uncomfortable World," December 5, 2017, available at <https://www.auswaertiges-amt.de/en/Newsroom/berliner-forum-aussenpolitik/909376>.

Data that Smeltz and Friedhoff present in their chapter, as well as previous polls by the Chicago Council on Global Affairs, reveal that Hispanic Americans share a very similar worldview with the larger U.S. public. They consider terrorism, nuclear proliferation, Iran's nuclear plans and cyber-attacks to be critical threats to vital U.S. interests, and they support robust U.S. diplomatic engagement, including through alliances, treaties and trade agreements. Hispanics are more concerned about climate change and world hunger and more supportive of the UN than the U.S. public at large, and quite positive in terms of relations with other North American countries and with Europe.

Smeltz and Friedhoff conclude that demographic change does not explain U.S.-European differences on specific issues, or the fact that European issues may not always rank at the top of U.S. foreign policy priorities. Other factors, such as America's enduring role as both an Atlantic and a Pacific power, together with the rise of China and a range of high-profile security, economic and political challenges in what Donald Trump calls the "Indo-Pacific," explain more.

Smeltz and Friedhoff point to partisan cleavages, not demography, as the most important dividing line in the United States when it comes to foreign policy differences. Those cleavages can affect the transatlantic relationship, for instance when it comes to differences on climate policy, but even here there are few significant partisan differences when it comes to the importance of Europe to U.S. foreign policy interests.

When it comes to demographic trends in Europe, foreign policy implications are less easily discernible. Data tracking the foreign policy views of minorities or ethnic groups within the EU are less available. Rainer Münz highlights one of the most obvious differences between the transatlantic partners: European populations are aging rapidly, whereas aging trends in the United States are more balanced.

Both sides of the Atlantic face the prospect of aging societies, but Europe is arriving there first. America's demographic situation is different, characterized by a relatively robust population growth rate and youthful population by European standards. It will also have to deal with the aging issue, but the experience is likely to be less severe. But the United States will need to face the fact that close allies with aging, shrinking populations may be less able to support their militaries or provide financial support to issues important to Washington, perhaps contributing to extra stress on U.S. resources. Aging societies in Europe could also reinforce inward-

looking tendencies in some European countries, as traditional social welfare systems come under greater stress.

If European societies that are aging and shrinking want to maintain their social welfare models, they are in need of immigration. Yet migration has become perhaps the most divisive issue in European politics in recent years.

Some migration challenges are common to the EU and the United States, including publics often skeptical about migration's benefits, strong underlying pressures for migration from neighboring developing countries, the need to manage porous borders effectively, and concerns about immigrant integration.

Here again, however, asymmetries emerge, in part due to different social models and the varying degree to which demographics will drive immigration policies. The most worrisome trend for Europe is that the EU has become a magnet for the unskilled, and lacks pan-European strategies to attract and integrate the highly skilled,<sup>2</sup> whereas the United States continues to attract highly skilled migrants, even while struggling to take full advantage of its migrant population as a generator of growth.

## Political Cleavages and Public Opinion

Trends in public opinion display significant differences on the two sides of the Atlantic. Whereas the strong divide created by questions of globalization and internationalization takes place in the United States largely within the framework of the party system, within the EU it tends to empower new political movements in their struggle against established parties.

In the United States, factions within both the Republican and Democratic parties are engaged in pitched debates about the nature of globalization and appropriate U.S. responses. Within the Republican party, supporters of Donald Trump agree with the President's assertion that the United States has carried too much of the burden, and sacrificed too much of its sovereignty, supporting an international system that they believe often works contrary to U.S. interests. They face more traditional Repub-

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<sup>2</sup> See Daniel S. Hamilton and Kurt Volker, *Transatlantic 2020: A Tale of Four Futures* (Washington, DC: Center for Transatlantic Relations, 2011).

lican voices who argue that rules-based open trading arrangements and military alliances are more conducive to U.S. interests than unilateral efforts to go it alone. Within the Democratic party, the 2016 primary brawl between supporters of Hillary Clinton and Bernie Sanders continues unabated. Those who had supported Clinton argue for an activist U.S. foreign policy that would seek to extend democracy and human rights protections, support strong military alliances, and confront adversaries such as Russia. Those who had supported Sanders argue for a far more modest foreign policy footprint that steps back from military adventures, gets tough on trade, and prioritizes the need to meet challenges at home.

Smeltz and Friedhoff draw on polling data to show that Democrats and Republicans have traded places on some critical issues, such as trade and Russia. Despite fierce debates over trade within the Democratic party, Democrats overall are now more favorable than Republicans to trade agreements. And despite the traditional anti-Russian stance of the Republican party, Republicans overall now tend to be more favorable than Democrats when it comes to pursuing good relations with Moscow.

Political currents in Europe, in contrast, are marked by widespread lack of confidence in mainstream parties, which means that partisan differences have given rise to new political movements outside the traditional party spectrum. Rosa Balfour discusses how such movements have capitalized on populist criticism of established parties to present themselves as viable alternatives to mainstream policies and politics. In this group there are movements whose political program cuts across the traditional right-left axis such as the Five Star Movement in Italy or President Emmanuel Macron's *La république en marche!* in France. Two new Spanish parties, Podemos and Ciudadanos, could be categorized in this group of anti-establishment movements, even if their ideological anchoring is more traditional. There are equally parties representing both fringes of the ideological spectrum, such as the far-left Syriza in Greece and far-right parties such as Le Front National in France and the Freedom parties in the Netherlands and in Austria.

Whereas the mainstream parties in the United States challenge each other on foreign policy issues, in Europe the challengers come from outside the established parties, rendering the party system much more fragmented in various EU member states. This has led to increasing difficulties in government formation in many European countries, where the traditional consensus on foreign policy issues is breaking down.

Differences between the EU and the United States also come to the fore with respect to foreign policy identities and conditions of mutual trust. Both European and American populations want to see their country (in the European case the EU) take an active role in world politics in general. When it comes to issues of military security, however, Europeans are clearly less inclined than Americans to support military intervention. In the wake of Donald Trump's election as U.S. president, Europeans also trust the United States less than Americans trust Europe.

David C. Hendrickson analyzes how the polarization of public opinion in the United States has interacted with the party system to politicize foreign policy decisions, leading Washington to alternate between extremes on many issues. These swings have weakened European trust in the transatlantic partnership, highlighted Europe's dependence on its superpower partner, and prompted the EU to search for other solutions in its aspiration to consolidate its key values internationally.

Rosa Balfour underscores the complex and uneven nature of European public attitudes towards the European project. In some EU countries, popular trust in EU institutions is higher than in national political institutions, whereas in other EU member states publics trust their national authorities more than EU institutions.

The EU has been suffering through a decade-long crisis of confidence, generated by a series of shocks, ranging from the financial crisis and disruption within the eurozone to Russia's military interventions in neighboring countries, unprecedented migration flows and the decision of the United Kingdom to leave the EU.

These challenges have forced some unpleasant realities. Crises within some eurozone countries accentuated north-south divisions within the EU, while the migration crisis exacerbated east-west splits. The Brexit vote has made it clear that European integration is neither inevitable nor irreversible. Russian aggression, migration inflows, and Trump's demands that Europeans pay a fairer share for their defense are signs that Europe may not be as peaceful and secure as many had thought.

These European anxieties have transformed the political landscape within the EU. Protest voices have eroded the position of mainstream parties across the board, even in countries such as Germany and Sweden. Social democratic voices have been muted by a surge of right-leaning parties and movements across the continent.

While many pundits expressed concern that the victory of nativist voices in the United Kingdom and the United States in 2016 would be followed by similar triumphs in 2017 elections in Europe, by the end of 2017 a new narrative had emerged that essentially argues that Emmanuel Macron's victory over the right wing *Le Front National* in France and Angela Merkel's victory in Germany's elections demonstrate that mainstream policies and politics have overcome these pressures.

This new narrative seems premature. Close to 11 million French voted for the extreme right in the second round of the presidential election. The right-wing *Alternative für Deutschland* (AfD) emerged as the largest opposition party in the German Bundestag. The far-right Freedom Party has entered the ruling government coalition in Austria. The European Commission is moving to sanction Poland for far-reaching legislation that effectively puts Polish courts under the control of the right-wing governing party, Law and Justice. Andrej Babis, a populist billionaire, swept aside mainstream party challengers to become Prime Minister of the Czech Republic. And Prime Minister Viktor Orban continues use his power to entrench "illiberal democracy" in Hungary.

In many EU countries, right-populist parties are represented in national parliaments, and registered notable gains in the 2014 European Parliament elections. They either form part of the government in a number of EU member states, or governments rely on their support to remain in office. In short, their influence over European politics and policies is significant, and extends beyond the issue of migration, which originally gave such movements their political force. Their success is an indicator of the intensity and speed of change in Western societies and economic structures. It is also a sign that the cry for "more Europe" divides European publics, some of which are less inclined to support Brussels-led institutional fixes to European problems.

## **The Interplay of Institutions**

James M. Lindsay and Teija Tiilikainen explain how challenges to contemporary transatlantic relations may originate in the respective foreign policy decision-making processes at work on each side of the Atlantic. Both in the United States and in the EU, the transatlantic relationship is molded by domestic institutional processes much more complicated than pure *raison d'état* might suggest.

Seen from abroad, the U.S. president may appear to be a most powerful political leader. Seen from home, the president, while influential, can be constrained in foreign as well as domestic policy by the checks on excessive power enshrined in America's domestic political system. The constitutional and institutional framework of American government, especially what James Madison referred to as the "partial mixture of powers"<sup>3</sup> between Congress and President, is a significant factor shaping the nature outcome of specific U.S. foreign policy decisions.

Lindsay explains the many ways the Congress can constrain executive branch actions, even if the president leads on U.S. foreign policy. The push-me/pull-you between Congress and President is an enduring feature of the U.S. political system. But it is assuming even greater importance as "foreign" and "domestic" policies blur. More executive agencies and more congressional committees have influence on issues with foreign policy implications.

In addition, the U.S. foreign policy decision-making process has been further complicated by the ever broader and more geographically dispersed nature of the U.S. political elite, the weakness and poor discipline of the political parties, the strength and legitimacy of economic, ideological and ethnic pressure groups, the depth and frequency of political turnover in the executive branch after elections, the sheer size and diversity of the foreign affairs and national security bureaucracy, and the role of the press, almost constitutionally entrenched as a virtual fourth branch of government. The result is a baffling challenge for anyone seeking to become attuned to the cacophony of voices and process in U.S. policy.<sup>4</sup>

The U.S. system was designed to maximize liberties and to check the excessive use of arbitrary power. It is complex and sometimes unwieldy. But American federalism is often a paragon of efficiency compared to the decision-making complexities inherent in the multi-level interactions between the EU institutions and individual EU member states.

Within the EU, the on-going process of integration implies a great deal of variation with respect to the institutional set-up and division of

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<sup>3</sup> James Madison, "Federalist Paper #47 – The Particular Structure of the New Government and the Distribution of Power among its Different Parts," January 30, 1788, available at <http://thefederalistpapers.org/federalist-papers/federalist-paper-47-the-particular-structure-of-the-new-government-and-the-distribution-of-power-among-its-different-parts>.

<sup>4</sup> See James A. Nathan and James K. Oliver, *Foreign Policy Making and the American Political System*, 2<sup>nd</sup> edition (Boston: Little, Brown and Company, 1987).



competences taking place between processes of foreign policy decision-making. While the EU's Treaty of Lisbon, agreed in 2007, enhanced some EU-level authorities regarding external policies, it and other recent EU-level innovations have not solved the EU's institutional complexity or rendered the EU a unitary foreign policy actor.

Teija Tiilikainen concludes that while common EU institutions have a stronger role on issues of external economic relations and trade, EU member states have still a firm grip on issues of common foreign and security policy (CFSP), where unanimity is still the main rule for decision-making. She also demonstrates, however, that there are exceptions to this general conclusion. She offers examples where the European Commission has exerted a strong role on a CFSP issue and where the European Council, composed of the member states' representatives, has taken majority decisions without full consensus. She shows how the dynamic character of the EU's decision-making can both influence the content of policy and generate greater unpredictability with regard to policy outcomes.

## **The External Consequences of Domestic Economic Issues**

Voters across the United States and many parts of Europe have grown skeptical of open markets. Concerns about stagnant wages, widening income inequality, and pockets of stubbornly high unemployment have combined with fears of automation, digitization and immigration to swell economic insecurities on each side of the Atlantic.

Within the EU and across the United States, traditional left-right political schisms are giving way to new domestic splits between those wanting to open economies and societies further to the world, and those on both left and right who want to shield their economies and societies from what they perceive to be the excesses of globalization. In the United States, the Trans-Pacific Partnership (TPP) trade negotiations with 11 other nations became the symbol of disruptive globalization; in Europe it was the U.S.-EU negotiations on a Transatlantic Trade and Investment Partnership (TTIP). In their own way, both TPP and TTIP became lightning rods for criticism as emblematic of how powerful market forces were eroding the democratic legitimacy of societies and sovereign authority of governments. In the end, the Trump Administration turned away from TPP, and TTIP is in the deep freeze.

On both sides of the Atlantic this popular revolt has taken diverse, overlapping forms: reassertion of local and national identities, demand for greater democratic control and accountability, rejection of centrist policies, and distrust of elites and experts. Those on the right have split between mainstream free-market conservatives who champion freer markets, and nationalists and nativist populists who believe such agreements are destroying sovereignty. Those on the left have split between those who believe high standard agreements could not only generate jobs at home but extend higher labor, environmental and consumer standards further around the world, and those who believe such agreements are destroying jobs and hard-fought standards at home.

Edward Alden notes in his chapter that the Trump presidency marks the biggest turning point in America's foreign economic policy since President Franklin Roosevelt signed the Reciprocal Trade Agreements Act of 1934, which renounced protectionism and set the United States on a course for deeper economic engagement with the world. Since that time, the basic domestic bargain underpinning U.S. foreign economic policy has been that U.S. efforts to advance prosperity and stability abroad would help secure prosperity and stability at home. That bargain ended in the years following the Great Recession, as more and more American voters became frustrated with an economy that, in Alden's words, "seems to work well for far too few."

While on paper the U.S. economy now seems to be enjoying respectable growth and low unemployment, the numbers disguise a deep and growing economic divide. Since the beginning of this century, the economic circumstances of most Americans have been stagnant or slipping. Median earnings have been flat, and have shown little growth for decades. Nearly half of all jobs created since the recession paid near-minimum wage. Economic mobility has faltered. In the United States, this relative economic decline of the middle or working class has been associated with a number of social ills, like increasing rates of family breakdown and an opioid epidemic that in 2015 claimed about 60,000 lives.<sup>5</sup>

In his successful election run, Donald Trump channeled these economic anxieties into a larger critique of America's global position. Edward Alden summarizes: "Americans were suffering because they were too generous to the rest of the world, taking in immigrants and defending allies, and

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<sup>5</sup> Francis Fukuyama, "Why Populist Nationalism Now?" *The American Interest*, November 30, 2017.

because the country's political elite had negotiated a series of flawed international deals that had harmed the U.S. economy and ordinary American workers." Nor was Trump alone in his critique. Economic anxiety also fueled the campaign of Vermont independent Bernie Sanders, who very nearly snatched the Democratic nomination away from the more orthodox Hillary Clinton.

Europe, in turn, has been experiencing its own economic shakeout. The 2008 financial crisis and subsequent eurozone uncertainties generated considerable economic anxiety and discontent, strained intra-EU solidarity and eroded trust in European elites and EU institutions.

Popular and elite disconnects are apparent on trade. The European Commission is charging ahead with a robust free trade agenda, implementing its CETA deal with Canada, reaching political agreement with Japan on a bilateral deal, negotiating a modernized free trade agreement with Mexico, and looking to ratify deals with Mercosur, Vietnam and Singapore and to strike new deals with Australia and New Zealand. But popular sentiment has turned against EU trade agreements, in part because of economic anxieties, but also in part because, as Rosa Balfour notes, of lack of trust in the European Commission's ability to conduct such agreements.

Across the continent there is a palpable apprehension about the benefits of trade, even though one third of the EU's income comes from trade with the rest of the world. For many Europeans, globalization has become linked to job losses, lower standards for safety, health and the environment, and an erosion of traditions and identities.<sup>6</sup>

## **Conclusion: Implications for Transatlantic Relations**

The overarching question behind this volume is whether the transatlantic relationship, as an historical community of values and interests, will have a future. Viewed in the context of such international trends as the diffusion of power and greater global competition regarding values, the U.S.-EU partnership seems essential to safeguard the legacy of the liberal world order. Informed by the domestic factors we explore in this volume, however, the situation appears more complicated.

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<sup>6</sup> European Commission, "Reflection Paper on Harnessing Globalisation," May 10, 2017, [https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-globalisation\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-globalisation_en.pdf).

Our authors show clearly how foreign policy decisions in the United States and the EU are driven by domestic considerations that are often far removed from state-centric portrayals of how nations interact in a globalized world. Of course, foreign policy scholars have long highlighted the importance of personal convictions and worldviews of foreign policy leaders, bureaucratic rivalries, economic interdependencies and public attitudes when it comes to understanding how foreign policy decisions are made. But seldom has the disconnect between domestic drivers and international imperatives seemed so wide.

These underlying attitudes and domestic trends do not necessarily translate into specific U.S. or EU policies, because they are more like directions on a compass than points on a map. Nonetheless, they lead us to several conclusions about the transatlantic relationship going forward.

First, each partner is inclined to step back from the world and to step back from the other. On each side of the Atlantic, fewer citizens are confident of their own prospects, which makes them less willing to extend themselves for others. This period seems less a time to reach out and more a time to shore up, hunker down, and take care of one's own. If Europeans and Americans are to act more effectively together in the world, they will each need to get their respective acts together at home. Without fiscal solvency, economic growth and job creation, sustained transatlantic leadership is implausible, because the normative appeal and continued relevance of the U.S. and EU models for others depends heavily on how well they work for their own people.

Second, for the foreseeable future the U.S.-European relationship is likely to be selective and transactional. Despite President Trump's ambivalence about NATO, his administration has remained committed to the alliance, increasing funding for U.S. forces in Europe, maintaining U.S. forces deployed forward to the territory of eastern NATO allies, and supporting provision of lethal aid to Ukraine. The Congress remains robustly supportive of NATO and the transatlantic alliance. But the administration has downgraded relations with the European Union, and President Trump has publicly cheered the UK's Brexit decision. Washington will be more inclined to deal with individual EU member states than what President Trump calls the Brussels "consortium," and is likely to do so with a narrower understanding of U.S. interests. The EU, in turn, will be reluctant to engage in initiatives with an administration whose leader has questioned some of the basic principles upon which European integration has been built. It is more likely to hedge its bets, diversify its partnerships, and do

what it can to lessen its dependence on an erratic partner. The November 2017 decision by 23 EU member states to deepen their defense cooperation is one example of such efforts.

These dynamics will influence transatlantic economic cooperation. Maria Demertzis concludes that the deeply interwoven nature of economic relations between the EU and the United States implies a natural alliance. Each is the other's largest trading partner, greatest source of foreign investment, and largest source of onshored jobs. The \$5.5 trillion transatlantic economy is the largest and wealthiest market in the world, accounting for over 35% of world GDP in terms of purchasing power. It is the fulcrum of the global economy, home to the largest skilled labor force in the world, and generates 15 million jobs on both sides of the Atlantic.<sup>7</sup>

Nonetheless, incentives are low on each side of the Atlantic to revive TTIP negotiations. For the foreseeable future it seems unlikely that either side would change its negotiating position in a way that would make a TTIP-style agreement work. It is possible that transatlantic negotiations will be kept where they are now: in the deep freeze. This approach would simply recognize that for the foreseeable future the obstacles are too high, and the incentives too low, for either side of the Atlantic to invest much political capital in any major transatlantic economic initiative. Small single-issue deals might emerge, but nothing substantial. Given current inertia and mutual distractions on each side of the Atlantic, this is likely to be the default scenario for the relationship going forward. Yet in such a situation unresolved issues are likely to fester, leading to greater contention across the Atlantic and at the WTO, and diminishing the influence of both the United States and the EU with regard to greater global competition.

A withered transatlantic relationship, in turn, is likely to give greater space to other powers that do not necessarily share the same traditional commitments of the United States and the European Union to democratic principles, respect for the rule of law, and basic human rights. The growing normative assertiveness of rising powers will arguably test the EU's role as a leading normative entrepreneur more than that of the United States, because whereas multilateral engagement remains a choice for superpower America, it is a matter of essence for the EU, as it goes to the heart of the European project.

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<sup>7</sup> Daniel S. Hamilton and Joseph P. Quinlan, *The Transatlantic Economy 2017* (Washington, DC: Center for Transatlantic Relations, 2017).



*Section I*

**Demographic Changes in  
Europe and the United States:  
What Impact on Foreign Policy?**





## *Chapter 1*

# **How Do Demographic Changes in the United States Affect American Views on U.S. Foreign Policy?**

*Dina Smeltz and Karl Friedhoff*

Donald Trump's 2016 presidential election victory has created mounting uncertainty about U.S. relations with the rest of the world. His transactional "America First" approach to international politics and trade brings into question the benefits of U.S. alliances and trade agreements in Europe and Asia, and calls for partner countries to increase their contributions. On his first official visit as president to Europe in May 2017, President Trump initially opted not to explicitly acknowledge security obligations under Article 5 of the North Atlantic Treaty—although he did acknowledge them later—further calling into question the U.S. commitment to Europe. In addition, President Trump has withdrawn U.S. participation in the Paris Climate Accord—much to the disappointment of other world leaders. He scrapped negotiations on trade agreements with Asian countries and is renegotiating NAFTA.

It is becoming increasingly important to note that the positions staked out by President Trump have not been taken with American public opinion in mind. The American public remains committed to allies in Europe and Asia, sees many benefits to international trade, and continues to support an active role for the United States in world affairs. In fact, American opinion on NATO, U.S. allies in Asia, and the U.S. role in the world has changed little over the course of the last 40 years, even as the United States has undergone broad demographic change.

Given the potency of identity politics in the 2016 election, however, there is concern that demographic shifts could influence the future direction of U.S. foreign policy. In this chapter, we use demographic and public opinion data to investigate whether the changes wrought by the Trump administration are likely to be a temporary aberration or a harbinger of longer-term shifts in American foreign policy preferences. Increased diversity, an aging population, education, and geography are all factors to consider. Do the views of people who did not live through the Cold War differ

from those who did? Do the geographic voting patterns that emerged from the 2016 presidential election signal a different point of view from the Midwest? With a rising immigrant population, are Americans still oriented toward Europe as a key security partner?

We conclude that there is relatively little to suggest that the ongoing demographic shifts taking place in America foreshadow a shift in American attitudes toward U.S. foreign policy. Likewise, regional divides have little impact on foreign policy attitudes. Instead, partisan rifts continue to act as the most important dividing line when it comes to foreign policy differences.

## **A Growing, Diversifying, and Aging United States**

In terms of population growth, the United States has more in common with many developing countries than it does with developed nations. In nearly all cases, the populations of developed countries are either stagnant or are in serious decline. East Asia is leading the way in this decrease, with serious population drops already taking place in Japan, soon to become a reality in South Korea and China. In Europe, a more prolonged greying is taking place. In contrast, the U.S. Census Bureau predicts that the U.S. population will continue to grow at a steady pace from now through 2060.<sup>1</sup> While the U.S. population was nearly 319 million in 2014, it is projected to reach 417 million by 2060—an increase of roughly 30 percent. This puts the United States among the top 5 fastest growing countries in the world, and the only developed country in the top ten.<sup>2</sup>

The United States is now more racially and ethnically diverse than ever before, and that trend will continue in the coming decades. The Pew Research Center projects that by 2055 whites will no longer be the majority—largely due to past and future immigration inflows from Latin America and Asia.<sup>3</sup> The African-American portion of the population is also expected to increase 42 percent between 2014 and 2060.<sup>4</sup> While the native-

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<sup>1</sup> Sandra L. Colby and Jennifer M. Orton, “Projections of the Size and Composition of the U.S. Population: 2014 to 2060,” U.S. Census Bureau, March 2015, accessed at <https://www.census.gov/content/dam/Census/library/publications/2015/demo/p25-1143.pdf>.

<sup>2</sup> Fox Business, “The Countries with the Fastest Growing Populations,” August 2, 2011.

<sup>3</sup> Pew Research Center, “10 demographic trends that are shaping the U.S. and the world,” March 31, 2016.

<sup>4</sup> Colby and Orton, “Projections of the Size and Composition of the U.S. Population: 2014 to 2060.”

born population will increase by 22 percent, the foreign-born population is estimated to increase by 85 percent. The percentage of the total population that is foreign-born will grow from 13 percent to 19 percent in that time span.<sup>5,6</sup>

## **The Diversity Divide in U.S. Political Party Affiliation**

Demographic divides and partisan affiliation tend to reinforce one another in the United States. Republican Party supporters are more likely than Democrats to be older and white, while supporters of the Democratic Party tend to be younger and more diverse.<sup>7</sup>

Public opinion data gathered by the Chicago Council on Global Affairs over the past 43 years makes clear just how dramatic the diversity divide has become among supporters of the two major U.S. political parties. Among self-identified Republicans in 1974, 95 percent described themselves as white. More than 40 years later, Republicans were still 87 percent white, a decline of just 8 percentage points. Hispanics now make up roughly six percent and African-Americans make up roughly one percent of Republican Party supporters.

That lack of diversification stands in stark contrast to the transformation that the Democratic constituency has undergone. Among self-identified Democratic Party supporters in 1974, 84 percent described themselves as white—already more diverse than the Republican Party is today. Diversification among Democratic Party supporters has continued apace: in 2016,

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<sup>5</sup> These numbers should not be confused with birthrates. The increase in foreign-born members of the population is driven by immigration. But the increase in the native-born population will include births from native-born citizens as well as foreign-born parents having children in the United States—thus making their children native born.

<sup>6</sup> In terms of policy impact, an increase in immigrants to the country does not necessarily translate into increases in the voting population—the most obvious way American citizens influence U.S. foreign policy. Theoretically, immigrants to the United States could remain permanent residents, visa holders, or undocumented immigrants for their entire lives. But estimates from the Migration Policy Institute as of 2015 shows that roughly 50 percent of immigrants are naturalized U.S. citizens—thus qualifying to vote in presidential and congressional elections. See <https://www.migrationpolicy.org/article/frequently-requested-statistics-immigrants-and-immigration-united-states#Naturalization>.

<sup>7</sup> Of the 2062 respondents in the 2016 Chicago Council Survey, 1337 identified themselves as white, non-Hispanic; 241 as black, non-Hispanic; 319 as Hispanic and 164 as either mixed races or “other.”

survey results show that 61 percent of Democratic Party supporters described themselves as white, 18 percent as black, and 13 percent as Hispanic.

These shifts matter. In every election since 1968, a majority of whites have voted for Republican candidates. Minorities have tended to vote for Democratic candidates. Given this pattern, one would expect that faster growth of minority populations compared with whites would help Democrats in elections. Arguably, a case could be made that this trend could have influenced the election of Barack Obama in 2008 and 2012.

But the 2016 election outcome highlights a core challenge for the Democratic Party. While Hispanics, Asians, and blacks now reliably vote Democratic in presidential elections, these three groups also have traditionally lower voter turnout rates than whites.<sup>8</sup> In presidential elections since 1988, whites have averaged roughly 65 percent turnout, compared to lower percentages among African Americans (60%) and Hispanics (47%). In only the 2012 elections did black turnout exceed that of white turnout.

The 2016 election was telling in this regard. There was a significant drop in younger black voter turnout compared to 2012;<sup>9</sup> in fact, black voter turnout rates slipped in 2016 for the first time in 20 years. And even though Donald Trump won a majority of white voters, he lost among every other race and ethnicity by large margins.<sup>10</sup>

While election victories may see political leadership alternate between parties, rarely does it bring a complete overhaul in foreign policy. Voters rarely choose a candidate based solely on foreign policy issues, but the candidate that wins generally sets the tone for U.S. international engagement. In the seven decades since the end of World War II, the party in power may have changed the focus of U.S. foreign policy—particularly if an administration launched a military intervention or faced a major threat from abroad. But the general contours of traditional U.S. foreign policy continued, centered on strong alliances and open markets. This was put into question with the dawn of Donald Trump.

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<sup>8</sup> United States Election project, “Voter Turnout Demographics,” accessed May 10, 2017.

<sup>9</sup> Pew Research Center Fact Tank, “Black Voter Turnout Fell in 2016, even as Record Number of Americans Cast Ballots,” May 12, 2017.

<sup>10</sup> CNN, “Election 2016 Exit Polls,” accessed May 10, 2017.

## The Age Factor

Racial and ethnic diversity are not the only demographic factor to influence elections—and thus American foreign policy. Age is another key factor.

At roughly 87 million strong, Millennials—those born between 1980 and 1997—are now the largest living generation of Americans, and many expect them, to have the same massive impact on culture, society, and elections as the Baby Boomers. Robert Gates, former Secretary of Defense under Barack Obama, voiced concern about the impact this cohort might have on transatlantic relations. In a speech delivered in Brussels in 2011, Gates worried that “if current trends in the decline of European defense capabilities are not halted and reversed, future U.S. political leaders—those for whom the Cold War was *not* the formative experience that it was for me—may not consider the return on America’s investment in NATO worth the cost.”<sup>11</sup>

Despite Millennials’ overall numbers and expected future influence, Baby Boomers will retain their clout for now in terms of the direction of U.S. foreign policy. Seniors represented 17.5 percent of all eligible voters in 2000, and this group is expected to rise to more than 25 percent by 2032.<sup>12</sup> The increase of those 65 years old and older is a marked shift in the projected age profile of the United States.

Not only do older Americans have higher voting turnout rates, Chicago Council Survey findings show that they pay closer attention to U.S. foreign policy. Nearly half of those over the age of 65 say they closely follow news about U.S. relations with other countries versus just two in ten between the ages of 18 and 44. Because age and diversity are occurring at faster rates than the other demographic factors included in this analysis, we also look at longer-term trends on certain questions to detect any shifts within these subgroups.

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<sup>11</sup> Robert M. Gates, “The Security and Defense Agenda (Future of NATO),” Speech delivered as Secretary of Defense in Brussels, Belgium, June 10, 2011.

<sup>12</sup> William H. Frey, Ruy Teixeira, and Robert Griffin, “America’s Electoral Future,” February 2016, Center for American Progress, accessed at <https://cdn.americanprogress.org/wp-content/uploads/2016/02/25000130/SOC2016-report2.pdf>.

## Educational Attainment & Geography as Factors

### *Educational Attainment*

Educational attainment is another demographic factor that has played a role in past elections, and this was an especially potent factor in 2016. According to CNN exit polls, Hillary Clinton won voters with a college degree (52 percent) and Trump carried voters without a college degree (51 percent).<sup>13</sup> This factor is particularly important among white voters. Among whites, Trump won an overwhelming share of those without a college degree; and among white college graduates—a group that many identified as key for a potential Clinton victory—Trump still outperformed Clinton, but by a 4-point margin.<sup>14</sup> According to CNN exit poll analyses, this was the largest gap in support among college-educated and non-college educated whites in exit polls dating back to 1980.

### *Geography*

At a post-election event for the National Lawyers' Convention at the Federalist Society, Senator Ted Cruz framed the outcome of the 2016 vote as the “revenge of flyover country,” a reference to the crucial votes in the upper Midwest that helped to swing the election to Donald Trump. Some of these states—Pennsylvania and Michigan, specifically—had not voted for a Republican president since 1988. Wisconsin had not voted Republican since 1984. Ohio and Iowa usually vote Republican but went for Obama in 2008 and 2012.<sup>15</sup> These shifts put the Midwest under the magnifying glass in post-election analyses, and we also include region as a potential influence in foreign policy attitudes.

## The Foreign Policy Consensus

While deep ideological cleavage between the Democratic and Republican parties is a core feature of contemporary politics, there is a broad consensus on foreign policy among the political elite. Less recognized, this consensus largely extends to the American public, and data from the

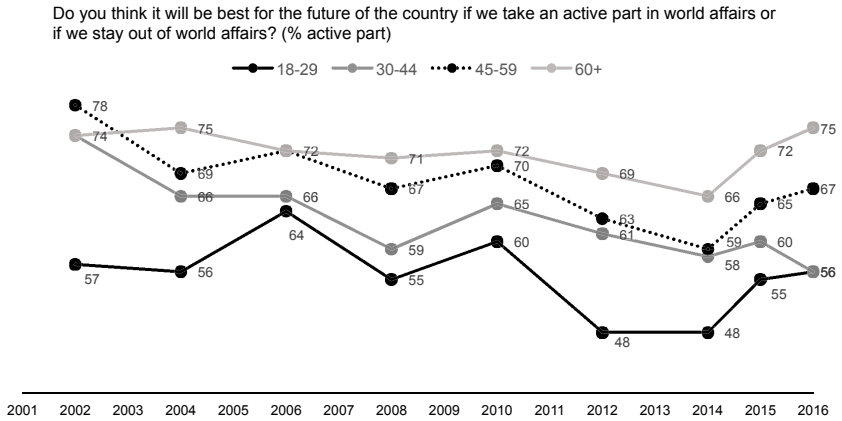
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<sup>13</sup> See <http://www.cnn.com/election/results/exit-polls>.

<sup>14</sup> Clara Hendrickson & William A. Galston, “The education rift in the 2016 election,” November 18, 2016.

<sup>15</sup> Time Meko, Denise Lu, & Lazaro Gamio, “How Trump won the presidency with razor-thin margins in swing states,” *Washington Post*, November 11, 2016, accessed at: <https://www.washingtonpost.com/graphics/politics/2016-election/swing-state-margins/>.

**Figure 1. Active Part in World Affairs**



Source: 2016 Chicago Council Survey, Chicago Council On Global Affairs

Council’s surveys suggests that this consensus extends across age, education, region, and ethnic and racial groups.

Attitudes on the role of the United States in the world offer an illustrative point. In 2016, 64 percent of the American public favored an active role for the United States in world affairs—down just 3 percentage points from 1974 when the question was first asked. Moreover, majorities across all ethnicities and races agreed.

While younger age groups have been consistently less likely than older generations to favor an activist American role, the long-term trends on age seem to suggest that support for active American engagement tends to increase as people age. The Millennial generation may be no different than young people at previous points in history.

Over time, there have not been significant changes among these various demographic groupings. The only exception was in 2002, just after the September 11 attacks. Support for an active American role increased across the board, followed by a return to average levels. In addition, the preference for an active part in world affairs has increased among African Americans since 1998, when fewer than half (46%) supported an active role in world affairs for the United States. In every survey since, roughly six in ten African Americans have stated the same. Roughly six in ten Hispanics have consistently supported an active role.

There is also broad agreement across all demographic groupings that the United States should share international leadership (rather than try to dominate). (See Appendix for full results.)

These numbers help to illustrate that support for U.S. international engagement cuts across age, ethnicity, education, region, and partisanship, with majorities of each group consistently in support. The longstanding nature of this trend makes it seem unlikely that there will be a reversal in the near future.

## Consensus on NATO

Americans are in close agreement on issues that directly tie the United States to Europe. Given the special relationship that the United States and Europe have shared for the past 60 years, perhaps this is no surprise. In fact, Americans have positive feelings for Europe, rate European countries in highly favorable terms, and express majority confidence in the EU's ability to deal responsibly with world problems.<sup>16</sup> They are less likely to express the same degree of confidence in Asian allies or other countries in the world (with the exception of Canada).<sup>17</sup>

Despite concern that the American public may eventually begin to favor involvement in the Asia-Pacific over Europe, the data does not bear this out. While Chicago Council Surveys show that confidence in Asian allies has increased, this has not been at the expense of positive views of Europe. For example, confidence in Japan to deal responsibly with world affairs increased from 58 percent in 2015 to 64 percent in 2017. During that same time, confidence in South Korea grew from 36 percent to 42 percent. Confidence in the European Union remained steady at roughly 65 percent. The American public continues to value European partnerships at previous levels even as the Asia-Pacific has grown in importance.

Americans are similarly convinced about the importance of NATO. Two-thirds of all Americans (65%) say that NATO is still essential—a 12 percentage point increase from when the question was first asked in 2002—

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<sup>16</sup> See the 2016 Chicago Council Survey, “America in the Age of Uncertainty,” for more analysis, [https://www.thechicagocouncil.org/sites/default/files/ccgasurvey2016\\_america\\_age\\_uncertainty.pdf](https://www.thechicagocouncil.org/sites/default/files/ccgasurvey2016_america_age_uncertainty.pdf).

<sup>17</sup> Region also has little effect on these views. For example, there was virtually no difference between Americans on the East Coast and those on the West Coast in assessing the benefits of alliances in Europe and East Asia.



and more than six in ten across all demographic groups agree. An even greater majority believe the U.S. should maintain (63%) or even increase (12%) the U.S. commitment to NATO, an increase of 13 percentage points since the question was first asked in 1974. Moreover, majorities have also consistently wanted to either maintain or increase the U.S. commitment to NATO.

It is partisanship that creates the widest differences of opinion on the necessity of NATO, with greater differences between Republicans and Democrats than between racial or age groups. Specifically, in 2016, there is a 24-percentage point gap between Democrats (81%) and Republicans (57%) or Independents (58%) who said that NATO is still essential, nearly double the gaps produced among race and age cohorts.

### **Support for Bases in Germany**

One of the key aspects of the transatlantic alliance is maintaining U.S. military bases in Europe, and the 2016 Chicago Council Survey finds continued support for U.S. military bases in Germany. Overall, 61 percent of the American public said the U.S. should have bases there, with majorities across all demographic groupings in favor. And while not specific to Europe, the same survey also found broad support for bases in Japan (60%) and South Korea (70%).

A larger majority of Republicans (70%) than Democrats (58%) or Independents (56%) say the U.S. should continue basing in Germany. This 12-percentage point gap is roughly equal to the gap between African Americans (52%) and whites (63%), but partisan gaps are far more consistent throughout the data. Moreover, in each case the support only differs by degree, with each percentage comprising a majority.

### **Shared Dislike for Russia**

NATO was formed to provide collective security against the Soviet Union, and in the 1990s many questioned whether the alliance was still relevant in the post-cold War period. There are fewer questions about that today, primarily because of Russia's resurgence in the region. Russia is increasingly becoming a focus of concern in Europe and the United States, due to its provocations in eastern Ukraine, annexation of Crimea, and hacking of American political organizations. In the United States,

**Figure 2: NATO commitment (%)**

	<b>Germany Bases Should Have</b>	<b>NATO Essential Still essential</b>
White, non-Hispanic	62	64
Black, non-Hispanic	52	66
Hispanic	63	68
Other	57	75
18-29	59	63
30-44	57	66
45-59	62	66
60+	63	65
White, non-college	62	61
White, college	61	69
Non-white, non-college	57	67
Non-white, college	61	75
High school diploma or less	59	64
Some college	63	61
College degree	61	71
Northeast	64	65
Midwest	59	73
South	60	61
West	59	65
Republican	70	57
Independent	56	58
Democrat	58	81

Question: Do you think the United States should or should not have long-term military bases in the following places? (Germany)

Question: Do you feel we should increase our commitment to NATO, keep our commitment what it is now, decrease our commitment to NATO, or withdraw from NATO entirely?

relations with Russia have taken a more political tone given ongoing investigations into the Trump campaign staff's meetings with Russia officials during the 2016 election.

While American attitudes toward Russia initially improved after the fall of the Berlin Wall and the dissolution of the Soviet Union, they have recently returned to Cold War levels. Americans across generations, age groups, and education levels are cool toward Russia, rating it below 45 on a 0 to 100 "thermometer" scale that measures broad attitudes toward countries (0 being least favorable and 100 being most favorable; see Appendix). In 2016, there was a broad preference across all demographic groups to undertake friendly cooperation rather than active attempts to limit Russia's power. But preliminary results from the 2017 Chicago Council Survey show that this sentiment has shifted, with a majority preferring instead to limit Russia's power.<sup>18</sup>

In terms of partisanship, Democrats were more open to cooperating with Russia than Republicans in 2016. However, recent surveys have found an interesting partisan shift, with Republicans now more positive than Democrats toward Russia.

## **Contentious Issues: Immigration, Trade, & Climate**

It seems unlikely that American attitudes on Euro-specific issues such as NATO's relevance, and basing in Germany will take a sustained negative turn in future years. But the future U.S.-European relationship may hinge on transnational issues of shared interest—immigration, trade, and climate change. On both sides of the Atlantic, borders that are open to flows of people, goods, and capital have long been a common goal. On climate change, there has been close cooperation in an attempt to mitigate the effects of climate change, despite Trump's intention to withdraw the United States from the Paris climate agreement.

### ***Declining Threat Perception from Immigration in the U.S., but Wide Partisan Divide***

A longstanding political issue in the United States, the immigration debate took on a more ominous tone in the 2016 presidential election.

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<sup>18</sup> Dina Smeltz and Lily Wojtowicz, "Trust Trump To Negotiate with Putin? Americans Say Nyet," Chicago Council on Global Affairs, July 21, 2017.

The deep divides among the American public were on full display, and the issue seems set to continue on as a focal point of divisiveness for the foreseeable future. If U.S. public opinion turns against immigration more broadly—and against accepting refugees more specifically—there could be two consequences of concern for U.S.-Europe relations.

A U.S. public that opposes admitting refugees would create a situation in which European states must carry an increased burden. In 2016, Europe received more than 1 million refugees, primarily originating from Asia and the Middle East.<sup>19</sup> In that same year, the United States accepted 85,000.<sup>20</sup> If the United States were to suddenly shut its doors to refugees, a significant portion of these would likely end up in Europe.

More importantly, a United States public that favors closing itself off from the world would put it at odds with Europe on an underlying issue of shared values. Open borders that allow the free movement of people, goods, and capital are time-honored ideals shared by the United States and Europe. This could deal a potentially serious blow to the transatlantic relationship.

The vast public opinion divide on the threat of immigration to the United States is one that is driven by partisanship (Figure 3). In 1998 and 2002, all political party supporters were closely aligned on this issue. Beginning in 2004, Democrats steadily became less concerned, with fewer and fewer viewing it as a critical threat. In 2016, the difference in threat perceptions from immigration among Republicans and Democrats stood at 40 percentage points—a record gap in Chicago Council Surveys.

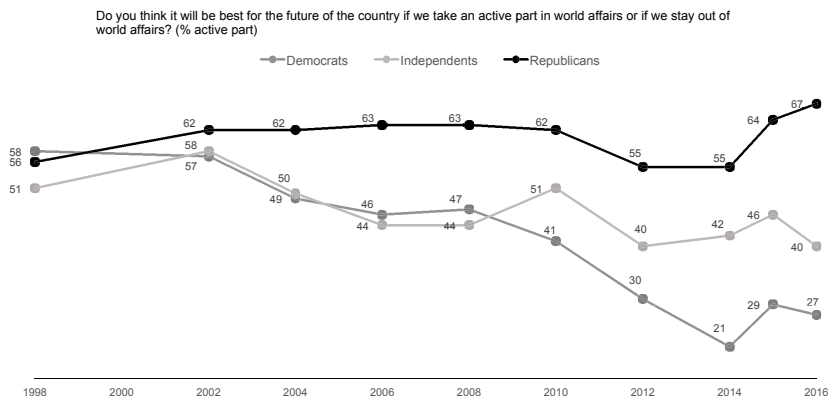
One reason for this divergence appears to be the increasing racial and ethnic diversity of the Democratic Party over time, as discussed on page 2. In 1998, majorities among all racial groups identified immigration as a critical threat. In 2016, one-half (50%, 53% in 1998) of whites continued to say immigration is a critical threat. But African Americans have become much less likely to view immigration as a critical threat (from 58% in 1998 to 29% in 2016), as have Hispanics (from 64% to 31%). Americans under

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<sup>19</sup> Emma Batha, “Europe’s refugee and migrant crisis in 2016. In numbers,” World Economic Forum, December 5, 2016. Accessed at: <https://www.weforum.org/agenda/2016/12/europes-refugee-and-migrant-crisis-in-2016-in-numbers>.

<sup>20</sup> Jens Manuel Krogstad and Jynnah Radford, “Key facts about refugees to the U.S.,” Pew Research Center, January 30, 2017. Accessed at: <http://www.pewresearch.org/fact-tank/2017/01/30/key-facts-about-refugees-to-the-u-s/>.

**Figure 3. More Republicans See Immigration as a Critical Threat**



Source: 2016 Chicago Council Survey, Chicago Council On Global Affairs

the age of 45 have also become less likely to view immigration as a critical threat versus half or more over 45 and older.

Despite these shifts over time, it is clear that on immigration, too, partisan divides overshadow most demographic differences. There is a 40-percentage point difference between Republicans (67%) and Democrats (27%) who describe increasing refugee and immigration flows as a critical threat, wider than any differences between races or age groups.<sup>21</sup>

The most immediate concern in terms of immigration for the future U.S.-EU relationship is willingness to accept refugees especially from crises created by internal conflicts. While the United States has taken in only a limited number of refugees resulting from the Syrian conflict, this migration temporarily paralyzed certain European countries. Overall, about four in ten (36%) Americans said they favor accepting Syrian refugees into the United States. Americans' limited willingness to accept refugees is nothing new. Majorities disapproved of admitting Hungarian refugees in 1958, refugees from Indochina in 1979, Cubans in 1980, and Haitians in 1994.<sup>22</sup>

<sup>21</sup> A similar pattern emerges when examining attitudes on controlling and reducing illegal immigration, with partisanship driving divides on the issue more than demographic variables. See Appendix, Table 4.

<sup>22</sup> Drew Desilver, "U.S. public seldom has welcomed refugees into the country," Pew Research Center, Nov. 19, 2015, accessed June 6, 2017 at <http://www.pewresearch.org/fact-tank/2015/11/19/u-s-public-seldom-has-welcomed-refugees-into-country/>.

**Figure 4: Attitudes toward Immigration (%)**

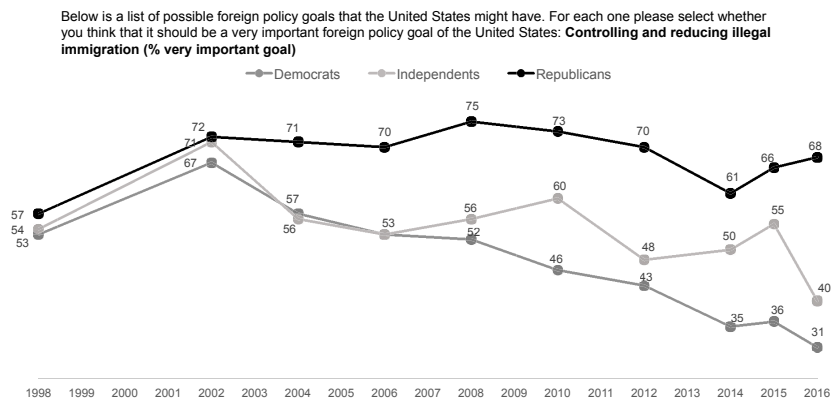
	<b>Large numbers of immigrants and refugees are a critical threat to the US</b>	<b>Controlling and reducing illegal immigration a very important foreign policy goal for the US</b>	<b>Support accepting Syrian refugees into the US</b>
White, non-Hispanic	50	51	32
Black, non-Hispanic	29	36	40
Hispanic	31	33	44
Other	37	34	56
18-29	31	34	46
30-44	37	35	38
45-59	51	51	27
60+	51	57	36
White, non-college	53	55	24
White, college	42	43	47
Non-white, non-college	32	36	44
Non-white, college	30	31	48
Northeast	46	40	35.5
Midwest	45	48.5	37.5
South	42	44	36
West	42	47	37
Republican	67	68	18
Independent	40	40	32
Democrat	27	31	56

Question: Below is a list of possible threats to the vital interest of the United States in the next 10 years. For each one, please select whether you see this as a critical threat, an important but not critical threat, or not an important threat at all: (large numbers of immigrants and refugees coming to the US)

Question: Below is a list of possible foreign policy goals that the United States might have. For each one please select whether you think that it should be a very important foreign policy goal of the United States, a somewhat important foreign policy goal, or not an important goal at all: (controlling and reducing illegal immigration)

Question: Do you support or oppose the United States taking each of the following actions with respect to Syria? (Accepting Syrian refugees into the United States)

**Figure 5. Republicans and Democrats are Divided on the Importance of Controlling and Reducing Illegal Immigrants**



Source: 2016 Chicago Council Survey, Chicago Council on Global Affairs

Demographically speaking, whites (32% favor), particularly those without a college degree (24%), were least likely to support accepting Syrian refugees into the United States. But college-educated whites (47%), blacks (40%), and Hispanics (44%) were similarly light in their support, reflecting a consensus of sorts. There is a gulf of distance, however, between Republican (18%) and Democratic (56%) party supporters.<sup>23</sup> These partisan differences help to explain why immigration policies often vacillate depending on the party in power in the United States.

## Trade

While the EU-U.S. economic relationship's share of the overall global economy has declined in overall size in recent years, it remains vitally important for both partners. Trade in goods was roughly \$700 billion in 2015, and both countries are significant destinations for and sources of

<sup>23</sup> Similarly, there was a more gaping partisan than racial divide when asked about specific immigrant groups. For example, while 58 percent of Democrats expressed favorable views of immigrants from the Middle East, just 29 percent of Republicans stated the same. Favorable opinion of Mexican immigrants in the United States was 74 percent among Democrats to 46 percent among Republicans. Differences were much narrower between age, education, and racial groups.

foreign direct investment.<sup>24</sup> The transatlantic trade relationship is the world's largest, with highly integrated economies.

As a candidate, and then as president, Donald Trump has consistently criticized globalization and trade agreements for hurting the U.S. jobs. But Americans overall are quite positive toward globalization. Majorities of all demographic categories say that globalization is mostly good for the United States. Hispanic Americans, younger voters, and the college-educated are especially supportive. A majority of whites (62%) also said globalization is good in 2016, a marginal increase from 55 percent in 1998. The largest gains have been among African Americans who moved from 44 percent saying globalization is good for the U.S. economy in 1998 to 64 percent in 2016. Hispanics have also increased their support from 56 percent in 1998 to 69 percent in 2016. And most age groups have also grown more positive over time.

Partisan gaps have also grown. When this question was first asked in 1998, similar percentages of Republicans (57%) and Democrats (53%) said globalization is mostly good for the United States. By 2016, Democrats' support for globalization had increased to 74 percent while Republicans remained at 59 percent.

When asked to assess trade's impact on the United States, relatively few across all demographic groupings positively evaluated free trade's impact on U.S. jobs and job security. But majorities among the public at large saw positive benefits from trade for consumers (70%) and for American companies (57%).

Demographic factors such as race, age, and education also play a role in public attitudes toward the benefits of free trade. Younger Americans, the college-educated, and non-whites are generally more likely than other groups to say that free trade is good for the U.S. economy, U.S. companies, consumers, and standards of living (see Appendix, Table 3).

## Climate

One issue at the forefront of U.S.-European relations is that of climate change. This issue is a truly global problem that requires global cooperation, and has provided an area where Europe and the United States have

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<sup>24</sup> "European Union," *Office of the United States Trade Representative*, accessed Oct. 2017, accessed at <https://ustr.gov/countries-regions/europe-middle-east/europe/european-union>.



the opportunity to lead. But President Trump's decision to unilaterally withdraw from the Paris Agreement has created worry that the United States no longer shares believes in tackling the issue jointly. A U.S. public turning away from action on climate change may signal trouble ahead in the U.S.-European relationship.

In the 2016 Chicago Council Survey, support for U.S. participation in the Paris Agreement was generally high. Majorities across all demographic variables, and 71 percent overall, supported the agreement "that calls for countries to collectively reduce their emissions of greenhouse gases." That included 57 percent of Republicans.

However, while support was high for that specific agreement, concern about climate change more generally is relatively low. Minorities of all Americans—except self-identified Democrats (57%) and non-white college educated (50%)—say that climate change is a critical threat to the United States. At the same time, only majorities of Democrats, non-whites who are college- educated, and Hispanics<sup>25</sup> say that limiting climate change is a very important goal for the United States. Partisan differences are larger than demographic differences on these questions as well.

This lack of acute concern about climate change across the U.S. public may mean that U.S.-European tensions on this issue in particular will continue, at least at the federal level. Democratic presidents will have more leeway to push the agenda on climate change than Republicans, but support may not be broad.

## **Conclusions**

There is some concern in both the United States and Europe that a changing demographic profile in the United States might alter the future of U.S.-European relations. But the polling data show very little cause for alarm. Opinion differences by age, race, education and geography pale in comparison to consistent partisan divides. If anything, the population growth and diversification of the United States bodes positively for the issues that affect the transatlantic relationship. Moreover, attitudes on pure foreign policy issues are less salient to the public than are those that

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<sup>25</sup> Dina Smeltz and Craig Kafura, "Latinos Resemble Other Americans in Preferences for US Foreign Policy," The Chicago Council on Global Affairs, February 2015.

**Figure 6: Views toward Climate Change (%)**

	Climate change a critical threat	Limiting climate change a very important foreign policy goal	Support U.S. participation in Paris climate agreement
White, non-Hispanic	36	36	69
Black, non-Hispanic	42	48	79
Hispanic	48	51	71
Other	41	41	79
18-29	35	37	76
30-44	41	44	70
45-59	39	38	68
60+	39	40	72
White, non-college	32	32	68
White, college	45	46	72
Non-white, non-college	42	44	73
Non-white, college	50	54	83
Northeast	38	36	80
Midwest	43	41	70
South	38	41	70
West	35	39.5	69
Republican	18	19	57
Independent	35	37.5	68
Democrat	57	59	87

Question: Below is a list of possible threats to the vital interest of the United States in the next 10 years. For each one, please select whether you see this as a critical threat, an important but not critical threat, or not an important threat at all: (climate change)

Question: Below is a list of possible foreign policy goals that the United States might have. For each one please select whether you think that it should be a very important foreign policy goal of the United States, a somewhat important foreign policy goal, or not an important goal at all: (limiting climate change)

Question: Based on what you know, do you think the US should or should not participate in the following international agreements? (The Paris Agreement that calls for countries to collectively reduce their emissions of greenhouse gases)

also have a domestic component such as immigration and jobs in the context of globalization.

Younger Americans are more open to shared—rather than dominant—U.S. leadership, reflecting perhaps a more communitarian approach to solving problems.<sup>26</sup> Although they have not lived through the experience of the Cold War, they tend to support the U.S. commitment to NATO and the U.S. military presence abroad at a level equal to older generations. But the positive impact of a young, diverse population on policy may take time to exert its influence. The Millennial generation's full influence will likely manifest at later life stages when they increase their political participation and voting rates.

Similarly, there is little evidence that the shifting racial composition of the United States will change the direction of U.S. foreign policy toward Europe. Racial minorities are just as supportive of NATO as whites, and non-whites are more inclined than whites to be positive toward free trade and globalization.

Education is a key factor differentiating opinions among white Americans. In terms of foreign policy, college educated Americans are more supportive of an active international role for the United States, shared leadership, and U.S. commitment to NATO. The more educated Americans are, the more likely they are to support globalization, free trade, and to cooperate with both Russia and China. (And most demographic groups are favorably inclined to these policies regardless of educational attainment.) But the fact remains that a majority of Americans will continue to lack a college degree.

Despite the focus on the upper Midwest and Rust Belt in helping to decide the 2016 election, the survey data show that geography has very little, if any, impact on American attitudes on foreign policy. At least in terms of the topics covered in this survey, region does not play a significant role in differentiating attitudes. Previous Chicago Council Survey research has shown that there is more distinction between urban and rural areas.<sup>27</sup>

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<sup>26</sup> John Zogby, "How Millennials Are Changing the Political Debate," *Forbes*, September 10, 2015. Accessed at <https://www.forbes.com/sites/johnzogby/2015/09/10/millennials-transform-the-political-debate/#7066a09b4a9c>.

<sup>27</sup> Sam Tabory and Dina Smeltz, "The Urban-Suburban-Rural 'Divide' in American Views on Foreign Policy," The Chicago Council on Global Affairs, May 2017.

Of all the issues examined in this chapter, those that stand out as potential sources of friction between the United States and Europe are climate change and immigration. While there are only marginal differences between American demographic groups on these issues, the partisan differences attached to them are sharp and have increased over time.

Taken together, the data suggest that the increasing diversity in the United States will not necessarily drive a re-think on transatlantic policy issues. In fact, they suggest that diversity will drive an increase in support for immigration and addressing climate change. But that might not mean all is well. Political polarization is a growing problem in the United States, with partisan divisions dominating the conversation. The partisan differences that affect American views toward international engagement could be more difficult to reconcile over time.

## Appendix

**Table 1. Active Part & Shared Leadership (%)**

	Active Part	Shared Leadership
White, non- Hispanic	63	61
Black, non- Hispanic	58	63
Hispanic	66	62
Other	72	71
18-29	56	67
30-44	56	65
45-59	67	60
60+	75	58
White, non-college	59	59
White, college	72	67
Non-white, non-college	61	61
Non-white, college	75	72
Northeast	64	59.5
Midwest	59	67
South	63	60
West	69	64
Republican	64	53
Independent	57.5	63
Democrat	70	70

Question: Do you think it will be best for the future of the country if we take an active part in world affairs or if we stay out of world affairs?

Question: What kind of leadership role should the United States play in the world? Should it be the dominant world leader, or should it play a shared leadership role, or should it not play any leadership role?

**Table 2. Russia Influence**

	<b>Russia- Thermometer</b>	<b>Russia- Influence</b>	<b>EU-Influence</b>
White, non-Hispanic	40.1	6.4	7.0
Black, non-Hispanic	39.2	5.1	6.8
Hispanic	39.2	6.3	7.2
Other	41.4	6.4	7.0
18-29	41.4	5.9	7.1
30-44	42.5	6.2	7.1
45-59	39.0	6.2	6.9
60+	37.2	6.5	7.1
White, non-college	39.4	6.2	6.9
White, college	41.5	6.7	7.3
Nonwhite, non-college	41.4	5.8	6.9
Non-white, college	34.5	6.2	7.3
High school diploma or less	37.9	6.0	6.9
Some college	43.3	6.2	7.0
College degree	39.4	6.5	7.3
Northeast	41.0	6.6	7.3
Midwest	42.1	6.2	7.1
South	37.4	6.1	6.9
West	40.9	6.2	7.0
Republican	38.1	6.3	6.8
Independent	41.5	6.3	7.0
Democrat	40.2	6.1	7.3

Question: Please rate your feelings toward some countries and peoples, with one hundred meaning a very warm, favorable feeling, zero meaning a very cold, unfavorable feeling, and fifty meaning not particularly warm or cold. You can use any number from zero to one hundred, the higher the number the more favorable your feelings are toward that country or those people.

Question: I would like to know how much influence you think each of the following countries has in the world. Please answer on a 0 to 10 scale; with 0 meaning they are not at all influential and 10 meaning they are extremely influential.

**Table 3. Overall, do you think international trade is good or bad for: (% good)**

	The U.S. economy	American companies	Consumers like you	Creating jobs in the U.S.	Job security for American workers	Your own standard of living
White, non-Hispanic	54	55	68	33	30	61
Black, non-Hispanic	66	67	64	55	44	63
Hispanic	66	60	79	54	47	73
Other	68	61	80	44	40	78
18-29	65	62	75	45	37	71
30-44	61	56	74	41	34	65
45-59	54	56	67	36	35	59
60+	56	57	66	38	34	63
White, non- college	50	51	62	32	29	55
White, college	64	63	81	35	30	72
Non-white, non-college	64	60	71	54	45	69
Non-white, college	73	68	83	48	42	76
Northeast	58	60	69	37.5	32	62
Midwest	54.5	52	69.5	34	31	62
South	60	59	67.5	43	36	64
West	60	59	76	41	38	67
Republican	38.5	50	66.5	34	30	60
Independent	51	57	75	37	33	60
Democrat	68	65	69	47	41.5	72

**Table 4. Attitudes toward Immigration (%)**

	Favor expanding wall with Mexico	Support deporting illegal immigrants	Support pathway to citizenship for illegal immigrants
White, non-Hispanic	54	33	52
Black, non-Hispanic	41	24	66
Hispanic	25	13	71
Other	53	23	64
18-29	39	20	66
30-44	45	28	57
45-59	53	34	54
60+	53	29	56
White, non-college	58	38	49
White, college	46	22	57
Non-white, non-college	36	18	71
Non-white, college	36	23	60
Northeast	45	23	61
Midwest	52	32	57
South	49	29	56.5
West	45	26	58
Republican	79	42	44
Independent	42	30.5	56
Democrat	28	14	71

Question: Do you favor or oppose a wall expanding the 700 miles of border wall and fencing with Mexico to reduce illegal immigration into the United States?

Question: When it comes to immigration, which comes closest to your view about illegal immigrants who are currently working in the U.S.?



**Table 5. NATO Commitment (%)**

	<b>Increase</b>	<b>Maintain</b>	<b>Decrease</b>	<b>Withdraw</b>
White, non-Hispanic	11	63	16	7
Black, non-Hispanic	13	63	9	9
Hispanic	15	61	11	7
Other	10	66	17	2
18-29	9	66	12	7
30-44	11	65	12	9
45-59	14	60	15	4
60+	12	60	18	7
White, non-college	9	61	18	8
White, college	14	68	12	4
Non-white, non-college	13	63	10	8
Non-white, college	14	64	16	3
High school diploma or less	9	62	13	9
Some college	13	60	17	7
College degree	14	67	13	4

Question: Do you feel we should increase our commitment to NATO, keep our commitment what it is now, decrease our commitment to NATO, or withdraw from NATO entirely?



## *Chapter 2*

# **Demography and Foreign Policy: A European Perspective**

*Rainer Münz*

For Europe, 2015 and 2016 were exceptional years, marked by more than 1.5 million irregular migrants and refugees arriving at the continent's southern shores. This flow of people seeking protection and a better life triggered two completely different reactions. The first was a remarkable wave of civic engagement of volunteers and civil society at large, people who welcomed refugees and who in part were encouraged by some national and local governments—with German Chancellor Angela Merkel taking the lead.<sup>1</sup> The second reaction was growing criticism and a political shift of electorates to the right.<sup>2</sup> The latter strengthened nativist anti-immigrant parties, but also put asylum and irregular migration at the top of the agenda of mainstream parties. As a result, many national governments and the European Union (EU) as a whole tried to reform and speed up asylum procedures, implemented more effective border controls in cooperation with neighboring transit countries, and started to engage proactively with migrant-sending nations. The obvious shift in the focus of European foreign and development policy clearly had a demographic trigger—the sudden rise of irregular migration—and the perception that EU governments and the EU as a whole had lost control over the flow of people as well as over their external borders.

This chapter discusses how international migration and other dimensions of demographic change in Europe are affecting European foreign policies now, and how they may affect them in future, as such changes continue to unfold.

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<sup>1</sup> Tina Hildebrandt und Bernd Ulrich, “Im Auge des Orkans,” *Die Zeit*, September 20, 2015, <http://www.zeit.de/2015/38/angela-merkel-fluechtlinge-krisenkanzlerin>.

<sup>2</sup> “Willkommenskultur lebt, aber mit Einschränkungen,” *Zeit Online*, April 7, 2017, <http://www.zeit.de/gesellschaft/zeitgeschehen/2017-04/fluechtlinge-einwanderer-willkommenskultur-deutschland-studie>.

## Europe's Demographic Weight

When calculating total population for today's 28 EU member states, long-term demographic change in Europe becomes apparent. In absolute terms the total number of people living in these 28 countries is growing, although at a smaller pace than in other continents. As a result, the EU and its member states are becoming demographically less relevant at a global scale.

In 1960 the total number of people living on the territory of the EU-28 was 405 million. In 2017 the European Union (EU28) had a population of 512 million.<sup>3</sup> This represents an average increase of 1.8 million people per year. Between the baby-boom years and the early 1990s, the main driver of growth was an annual number of births significantly exceeding deaths. Since the mid-1990s, however, population growth in the EU has mainly been the result of immigration from other (non-EU) parts of Europe and the world. Indirectly this immigration also reduces the decline of births, as the large majority of those settling in an EU country are between age 20 and 35, and they tend to have children in the country of destination rather than giving birth in the country of origin and leaving the children with their grandparents.<sup>4</sup>

During the period 2005–2015, population growth in the EU took place in most parts of the United Kingdom (UK) and Ireland, France, the Benelux countries, Denmark, northern and central Italy, and metropolitan and coastal regions of Spain, as well as in central and southern England, central and southern Sweden, and southwestern Finland. In Germany, Portugal, the Baltics, east-central, and southeastern Europe, population growth only took place in and around national capitals and a few other larger cities; population in most regions outside these areas shrank (Figure 1).

When taking a longer view, it becomes clear that the Baltic states, Bulgaria, Croatia, and Romania have seen a considerable demographic decline since 1990. More recently (2014–2016), Germany has experienced demographic growth due to immigration, whereas Greece, Ireland, Italy, Portugal, and Spain—the countries most affected by the recent banking and financial crisis—have seen declining numbers of native-born inhabitants, due to high unemployment. The same is true for the Baltic states. Eco-

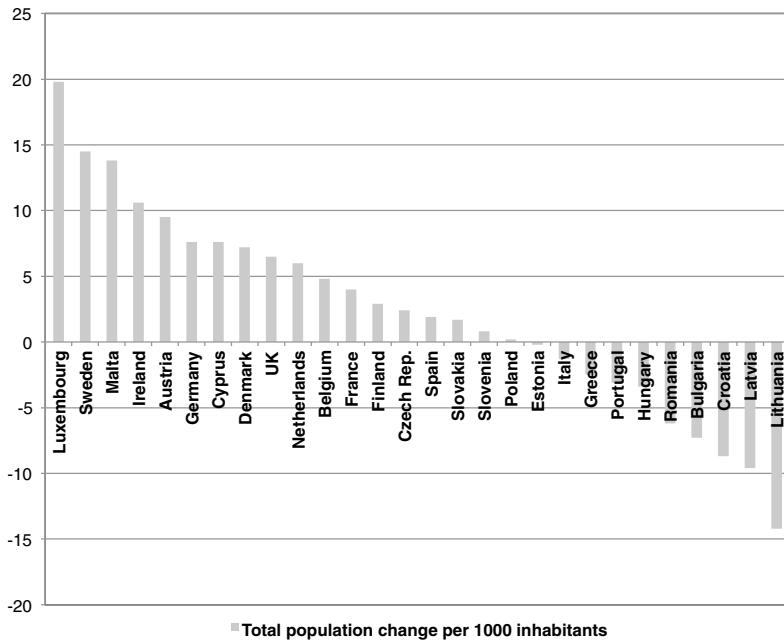
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<sup>3</sup> <http://ec.europa.eu/eurostat/documents/2995521/8102195/3-10072017-AP-EN.pdf/a61ce1ca-1efd-41df-86a2-bb495daabdab>.

<sup>4</sup> <https://core.ac.uk/download/pdf/6459400.pdf>.

### Figure 1. The European Union: Growing in Some Places, Shrinking in Others

Population change per 1000 inhabitants, 2016, EU member states



Source: Eurostat, Regio GIS.

conomic and labor market developments pushed natives to leave for other EU countries with more favorable conditions. In southern Europe and Ireland, these conditions also motivated some immigrants to those countries to return to their countries of origin.

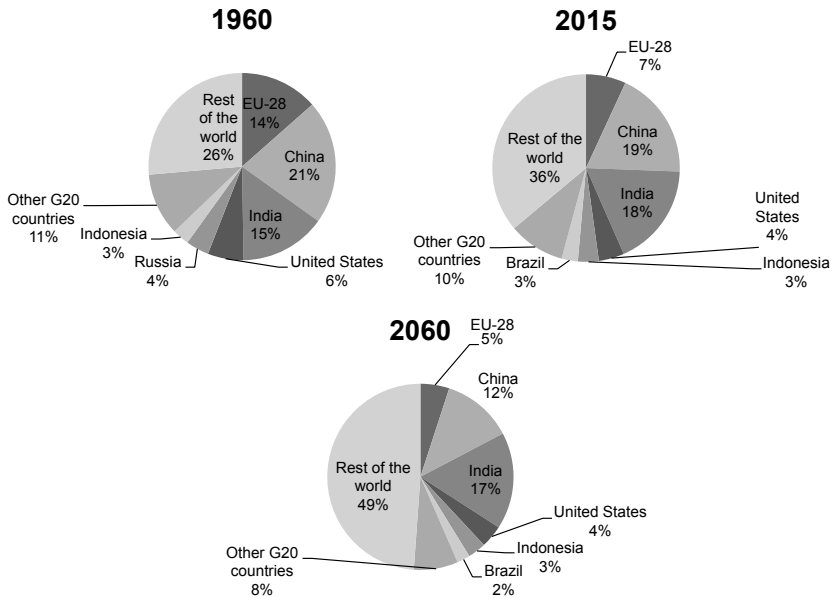
These developments have deepened the split between rural peripheries or declining former industrial heartlands and thriving metropolitan areas, coastal and tourist regions, and other richer parts of northwestern Europe.

#### *From Twenty-Five to Five Percent*

With EU enlargement at a standstill with regard to the western Balkans or Ukraine, increasingly unlikely in the case of Turkey, and actually going into reverse because of the UK's departure from the Union, the EU's

**Figure 2. The European Union: Losing Weight**

EU28 population as share of global population, 1960, 2015, 2060, in %



Source: Eurostat, Europop.

demographic weight will inevitably decline, particularly since the number of people living in Asia and in Africa is expected to grow throughout the 21<sup>st</sup> century.

Around 1900, Europeans comprised some 25 percent of humankind.<sup>5</sup> This made Europe the most densely populated region of the globe. In 1960, today's 28 member states still equaled 13.5 percent of humanity; in 2015, that share had dropped to 6.9 percent in 2015 (Figure 2). In 2060, the EU28 population share is projected to be just 5.1 percent,<sup>6</sup> assuming substantial immigration.<sup>7</sup> Without the UK, the remaining EU27 will represent just 4.5 percent of humankind.<sup>8</sup>

<sup>5</sup> <http://brilliantmaps.com/worlds-population-in-1900/>.

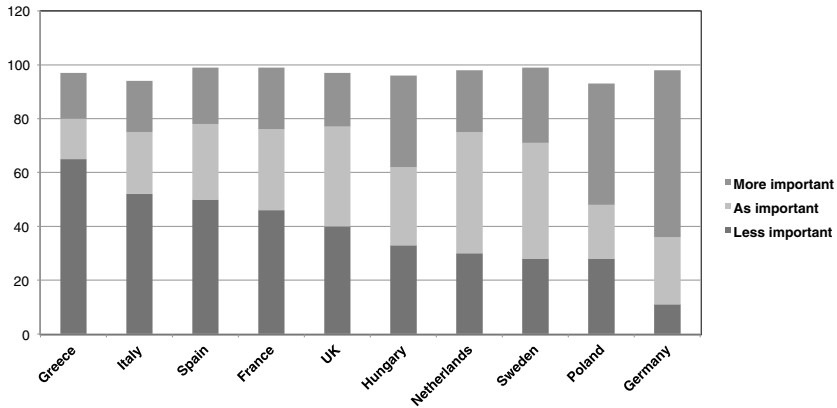
<sup>6</sup> <https://esa.un.org/unpd/wpp/>; [http://ec.europa.eu/eurostat/data/database?node\\_code=proj](http://ec.europa.eu/eurostat/data/database?node_code=proj).

<sup>7</sup> Assuming net migration gains of 1 to 1.3 million people per year; [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=proj\\_15nanmig&lang=de](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=proj_15nanmig&lang=de).

<sup>8</sup> In 2017 the UK represented 0.87% of global population; by 2060 it is projected to drop to

### Figure 3. Many Europeans See Waning Global Influence

Answer to the question: “Do you think your country plays a more important role in the world today, a less important role or about as important a role in the world as it did 10 years ago”, surveyed EU countries, 2016, in %



Source: PEW Research Center, Spring 2016 Global Attitudes Survey

The EU remains one of the richest world regions, as well as one of the most densely populated, behind only northern India and eastern and southern China. However, the prospect of population decline—a process that has already started in many peripheries and some EU countries as a whole—coupled with the rise of China and a growing number of unresolved conflicts in Europe’s neighborhood contributes to a widespread view that Europe is becoming less important on the global stage. This is true for the EU as a whole, as well as for most EU member states (Figure 3).

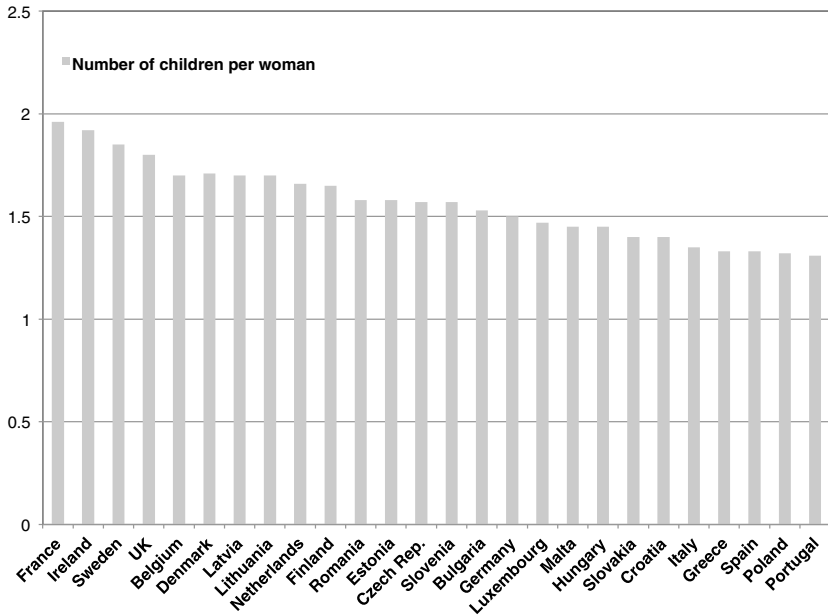
According to the Pew Research Center, only in Germany (62 percent) and Poland (45 percent) does a significant part of the population believe that their country plays a more important role in the world today, compared with the early 2000s. In contrast, about two-thirds (65 percent) of Greeks, roughly half of Italians (52 percent) and Spanish (50 percent), and French (46 percent) as well as four in ten Britons (40 percent) say their countries now play a less important part on the world stage.

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an estimated 0.6%; <https://esa.un.org/unpd/wpp/>; <http://www.worldometers.info/world-population/uk-population/>.

### Figure 4. More Children in France, Ireland, the UK, Scandinavia, Belgium, and the Baltics

Average number of children per woman, 2015



Source: Eurostat.

Aging and the loss in demographic weight are important trends contributing to this perception.

### Declining Fertility Has Consequences

Births in Europe declined from the peak post-war baby boom years of the early 1960s to the mid-1990s. The main reason for this was a drop in the average number of children per woman from 3.0 in 1960 to 1.45 in 2000. Since then, the annual number of births has remained stable, and the average number of children per woman is increasing slightly (1.57 in 2015). This has not translated into more births in the EU28, however, because the average age of mothers at birth is also increasing.<sup>9</sup>

<sup>9</sup> An increase in the average age of mothers at birth does not lead to fewer children per



Over time, an average of 1.5-1.6 children per woman results in a decline of native populations, since the number of children only replace roughly 75 percent of the parental generation.

The European Union is characterized by distinct regional fertility patterns. In France, Scandinavia, the UK and Ireland, Latvia, Lithuania, and northern Romania, the number of children per woman is above the European average. In the majority of these countries, female labor force participation is also higher than in the rest of Europe. Fertility is particularly low, in contrast, in southern Europe as well as in Poland and in some peripheral regions of Germany (Figure 4). In these areas, female labor force participation is below the EU average.<sup>10</sup>

Low fertility translates into smaller numbers of children and smaller cohorts entering the educational system and European labor markets. If labor force participation rates and the average retirement age remain what they are today, the EU28's labor force will shrink by 65 million people by the year 2050.<sup>11</sup> This will reduce EU28 economic output considerably. It will erode the tax base of almost all affected EU countries, reducing their ability both as domestic and foreign policy actors. At least part of this gap will be filled by labor and skill recruited or admitted from third countries. In this context, however, it is important to note that many EU countries have had difficulties attracting highly qualified migrants, most of whom prefer going to the United States and Canada.<sup>12</sup>

Smaller cohorts reaching working age also represent a smaller pool from which Europe's armies can draw future personnel. In contrast to the private sector or the U.S. military, most European armies neither recruit

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family, but to fewer births in a given year, since reproduction stretches over a longer period of time and raises the average age gap between generations.

<sup>10</sup> [https://ec.europa.eu/info/sites/info/files/european-semester\\_thematic-factsheet\\_labour-force-participation-women\\_en.pdf](https://ec.europa.eu/info/sites/info/files/european-semester_thematic-factsheet_labour-force-participation-women_en.pdf).

<sup>11</sup> Robert Holzmann and Rainer Münz, *Challenges and Opportunities of International Migration for the EU, Its Member States, Neighboring Countries and Regions* (Stockholm: Institute for Futures Studies, 2005).

<sup>12</sup> OECD, "Europe is underachieving in the global competition for talent," Paris, June 7, 2016, <http://www.oecd.org/migration/europe-is-underachieving-in-the-global-competition-for-talent.htm>; Carmen González, Roderick Parkes, Diego Valiente, Alicia Sorroza, Andreas Ette, *The EU performance in the global competition for highly-skilled migrants*, Madrid: Real Instituto Elcano/Notre Europe, March 26, 2013, [http://www.realinstitutoelcano.org/wps/portal/web/rielcano\\_en/contenido?WCM\\_GLOBAL\\_CONTEXT=/elcano/elcano\\_in/zonas\\_in/TGAE-Gonzalez-Parkes-Sorroza-Ette-EU-global-competition-high-skilled-migrants](http://www.realinstitutoelcano.org/wps/portal/web/rielcano_en/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_in/zonas_in/TGAE-Gonzalez-Parkes-Sorroza-Ette-EU-global-competition-high-skilled-migrants).

non-nationals,<sup>13</sup> nor can they provide speedy access to citizenship. They can therefore not rely on immigrants, and at the same time they will face growing competition from private sector employers. In the medium to long term, therefore, Europe's ability to fill the ranks of its armies could be hampered considerably by smaller birth cohorts.

## The World's Oldest Continent

Life expectancy in today's EU member states grew from 67 years in 1950 to 80.5 years in 2015. Over the past two decades the average life span of those living in EU member states increased by almost 3 months per year. During this period, this catch-up process was particularly pronounced in the eastern half of the EU (and in clear contrast to eastern European countries outside the EU, such as Russia and Ukraine).

Since low fertility translates into smaller cohorts of newborns, the result is an inverted age pyramid with all age groups below 25 being smaller than the age groups 30 to 65. At the same time, higher life expectancy increases the speed of demographic aging. This process is expected to continue. The average life span of Europeans is projected to grow further, while the trend towards smaller numbers of births is unlikely to be substantially reversed.<sup>14</sup> That will inevitably increase the demographic weight of the elderly.

In 2016, one in five EU citizens (19.2 percent) was above age 65. In 2060, the ratio is projected to be three out of ten (29.1 percent).<sup>15</sup> Future immigration might reduce the emerging mismatch between supply and demand of labor and skills, but it will not have lasting impact on demographic aging and as migrants also grow older.

In 2001 the median age in EU28 was 37.7 years. In 2016 the median age had increased to 42.6 years. By 2050, this average will rise to 48 years. By then almost one in two Europeans will be over 50.

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<sup>13</sup> European exceptions are France and Spain, each of which has a Foreign Legion—but those forces are not a core element of national defense.

<sup>14</sup> A declining number of births is almost inevitable, as the inverted age pyramid leads to a shrinking number of potential parents.

<sup>15</sup> Eurostat; <http://ec.europa.eu/eurostat/web/population-demography-migration-projections/population-projections-data>.

This dramatic demographic aging is likely to have both socio-economic and political consequences. Societies with a higher weight of senior citizens become inherently more conservative, risk averse, and possibly less willing to see their countries engage in military conflicts abroad. Aging societies also tend to require more resources for health care and pension systems,<sup>16</sup> leaving less fiscal space for military spending, overseas development cooperation and global climate change mitigation, all important tools of the EU's external engagement.

This pressure is significant in the context of U.S. expectations that European allies develop more military capacity and shoulder a larger share of common defense efforts.<sup>17</sup> Currently, countries such as France, Italy and the UK already appear overstretched when they face more than one external military conflict at a time. Germany's army was not deployed abroad until the late 1990s, and the country is still very reluctant to engage in military combat.<sup>18</sup>

To a certain degree, the gaps that have appeared among external expectations, common security concerns and cross-cutting pressures on national resources have convinced most EU member states to agree on "Permanent Structured Cooperation" in the area of defense (PESCO),<sup>19</sup> coordinated by the European External Action Service.<sup>20</sup> This will not automatically lead to higher defense budgets, but expectations are that joint research, joint development of military systems, joint procurement, joint headquarters, and actually deployable joint battle groups will generate more deployable military capacity, even if spending levels do not measurably increase.

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<sup>16</sup> Carlijn Prins and Jurriaan Kalf, "Population ageing in Europe: risks for growth and fiscal position," Rabo Bank, May 07, 2015, <https://economics.rabobank.com/publications/2015/may/population-ageing-in-europe-risks-for-growth-and-fiscal-position/>; Martin Feldstein, "The Effects of the Ageing European Population on Economic Growth and Budgets: Implications for Immigration and Other Policies" (Cambridge MA: NBER Working Paper No. 12736, 2006), <http://www.nber.org/papers/w12736.pdf>.

<sup>17</sup> Helene Cooper, "Defense Secretary Mattis Tells NATO Allies to Spend More, or Else," February 15, 2017, *New York Times*, <https://www.nytimes.com/2017/02/15/world/europe/jim-mattis-nato-trump.html>.

<sup>18</sup> "The Debate: German Armed Forces Abroad," Review 2014: Aussenpolitik Weiterdenken, July 2, 2014, <http://www.aussenpolitik-weiter-denken.de/en/blog/article/kontroverse-bundeswehr-einsatz-im-ausland.html>.

<sup>19</sup> 23 of the 28 EU countries have agreed to a PESCO in the field of defense, with varying participation in different programs.

<sup>20</sup> "Permanent Structured Cooperation (PESCO) – Factsheet," European External Action Service, November 16, 2017, [https://eeas.europa.eu/headquarters/headquarters-homepage/34226/permanent-structured-cooperation-pesco-factsheet\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/34226/permanent-structured-cooperation-pesco-factsheet_en).

Some countries even expect PESCO to provide them with more money from the EU budget. EU citizens, however, do not see this as a priority of EU spending.<sup>21</sup>

In short, Europe is still far away from the ability to project military power with global reach. Demographic aging, declining birth cohorts and more inward-looking populations imply that it may never get there.

## Migration is Fundamentally Changing the Face of the European Union

Until the mid-1960s, Europe was predominantly a continent of emigration.<sup>22</sup> Since the mid-1980s—for the first time in modern history—the number of third country nationals immigrating to (today’s) EU member states has become significantly larger than the number of people leaving the EU.<sup>23</sup> This positive migration balance is the main reason why the overall EU population is growing despite the low numbers of children per family.<sup>24</sup>

At the same time, economic success, stability, and adherence to the rule of law have made many parts of the EU attractive destinations for mobile EU citizens, as well as for non-EU citizens. Between the 1950s and the 1970s, many immigrants came as recruited labor. Others came as a consequence of decolonization. Today, family reunion, labor migration, and admission for humanitarian reasons have become equally important gates of entry.

Today, some 57 million citizens and residents of the EU live outside their country of birth (Figure 6).<sup>25</sup> They represent over 11 percent of the

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<sup>21</sup> In 2015 only 19% of EU citizens listed defense spending as a priority area for EU budget spending. See Eurobarometer 85.1, [http://www.europarl.europa.eu/pdf/eurobarometre/2016/eye2016/eb85\\_1\\_eye\\_2016\\_analytical\\_overview\\_en.pdf](http://www.europarl.europa.eu/pdf/eurobarometre/2016/eye2016/eb85_1_eye_2016_analytical_overview_en.pdf).

<sup>22</sup> Klaus J. Bade, Pieter C. Emmer, Leo Lucassen, and Jochen Oltner, eds., *Enzyklopädie Migration in Europa Vom 17. Jahrhundert bis zur Gegenwart* (Paderborn: Fink Verlag, 2013).

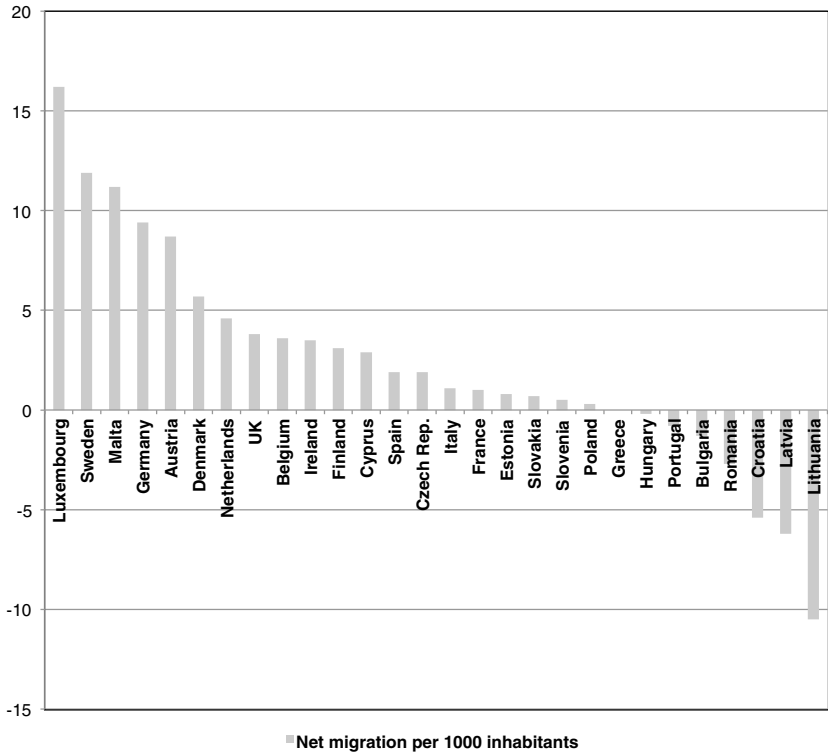
<sup>23</sup> Eurostat, [http://ec.europa.eu/eurostat/statisticsexplained/index.php/File:Population\\_change\\_by\\_component\\_\(annual\\_crude\\_rates\),\\_EU-28,\\_1960-2016\\_\(per\\_1\\_000\\_persons\).png](http://ec.europa.eu/eurostat/statisticsexplained/index.php/File:Population_change_by_component_(annual_crude_rates),_EU-28,_1960-2016_(per_1_000_persons).png).

<sup>24</sup> Sam Morgan, “Migration only factor bumping up EU population,” Euractiv, July 11, 2017, <http://www.euractiv.com/section/global-europe/news/migration-only-factor-bumping-up-eu-population/>.

<sup>25</sup> This number is calculated from stock data available for January 1, 2015: 34.3 million people born outside of the EU-28 were living in an EU member state +18.5 million persons born in an EU member state other than the one where they were resident = 52.8 million. See

**Figure 5. The European Union: More and Less Attractive Regions for Migrants**

Net migration per 1000 inhabitants, 2016, EU member states



Source: Eurostat

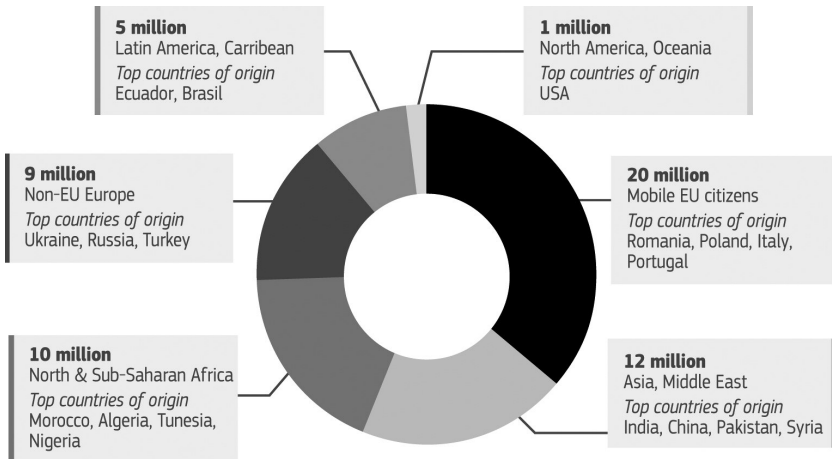
EU's total population. Slightly more than a third of them (20 million) are mobile EU citizens, with Romania, Poland, Italy, and Portugal being the most important sending countries (Figure 7). The other 37 million have come as labor migrants, dependent family members, international students or asylum seekers, and refugees.<sup>26</sup> Of these non-EU immigrants, one in

Eurostat 2016, "Migration and migrant population statistics," [http://ec.europa.eu/eurostat/statisticsexplained/index.php/Migration\\_and\\_migrant\\_population\\_statistics](http://ec.europa.eu/eurostat/statisticsexplained/index.php/Migration_and_migrant_population_statistics). Given the gross inflows since January 2015, the total number on January 1, 2017 was calculated to have been 57 million.

<sup>26</sup> At the end of 2016, according to UNHCR, the EU had 1.9 million recognized refugees

### Figure 6. The EU is Home and Host to 57 Million Foreign-Born People

International migrants and mobile EU citizens by region of origin, 2017, in millions)



Source: Eurostat

five is from Asia (12 million; in particular from India, China, Kazakhstan, and Pakistan, since 2015 also from Syria and Afghanistan),<sup>27</sup> one in six from Africa (10 million; more than half of them from the Maghreb). One in seven residents of the EU is from another European country outside the Union (non-EU: 9 million), with Ukraine, Russia, Turkey, Bosnia and Herzegovina, and Albania being the most important sending countries (Figure 6).

### The Demographic Impact of the Refugee Crisis

The extent to which the EU and many of its member states have become the preferred destination of immigrants from the western Balkans and the rest of the world has only recently become apparent and an issue of public concern. The main trigger was the arrival of some 1.5 million irregular migrants and refugees at Europe's southern shores during the peak years

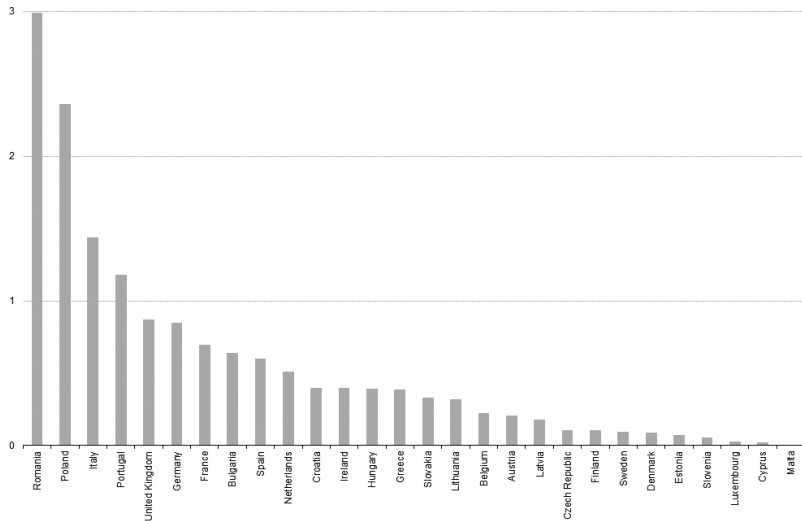
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and 1.1 million asylum seekers with pending claims residing in one of the 28 EU countries.

<sup>27</sup> See Eurostat 2017, "Asylum statistics," [http://ec.europa.eu/eurostat/statistics-explained/index.php/Asylum\\_statistics](http://ec.europa.eu/eurostat/statistics-explained/index.php/Asylum_statistics).

## Figure 7. Twenty-One Million EU Citizens Live in Another EU Member State

Mobile EU citizens, 2016, EU-28, in millions



\*Since 2015-16 immigrants coming from Syria and Afghanistan have made it into the top 20 while the number of Ukrainian-born residents has doubled to become the second largest foreign-born group. Foreign-born residents originating from Russia include ethnic Germans.

*Note:* Cyprus and Malta have not provided detailed data by individual EU citizenship. The United Kingdom and Spain have provided detailed data by individual EU citizenship only for the most numerous ones.

Source: Eurostat (online data code: migr\_pop1ctz)

2015-2016. The EU member states where the inflow had a lasting demographic effect were not the countries of first arrival, i.e., Italy and Greece. Because of secondary movements, the demographic impact was the largest in Sweden, Austria, Finland, Belgium, and Germany (alongside non-EU countries Norway and Switzerland). The foreign-born population in these countries rose by 0.7 percentage points in Germany to 15.6 percent, by 1.5 percentage points in Sweden to 18.3 percent, and by 1.1 percent in Austria to 18.5 percent foreign born residents as share of total population.<sup>28</sup>

Overall, in 2015-16, the share of foreign-born residents in EU and EFTA states only rose by 0.3 percentage points to 11.3 percent at the end of 2016. The symbolic and political reverberations, however, far exceeded

<sup>28</sup> Pew research based on Eurostat and UN Population Division.

the demographic impact. At the same time Europeans, on average, overestimate the share of immigrants in their countries: Italians put the share of immigrants at 30 percent (actually 7%); the French at 28 percent (actually 13%), Hungarians at 26 percent (actually 2%), Britons at 24 percent (actually 13%), and the Germans at 23 percent (actually 13%).<sup>29</sup>

### **Immigration and Diversity: Seen as a Curse, Not as a Blessing**

In contrast to citizens of traditional immigration countries like the United States,<sup>30</sup> Canada,<sup>31</sup> and Australia,<sup>32</sup> the majority of Europeans do not see growing ethno-religious diversity at home as a positive development (Figure 8). In countries with a longer tradition of recruiting or accepting immigrants and hosting refugees—namely France, the UK, and Sweden—the minority of people seeing diversity as positive contribution to their society (26–36%) is a bit larger than the share of those who think diversity is making their country a worse place to live. The same is true for Spain (positive view: 31%).

The opposite pattern can be found in Hungary and Poland—two countries without any post-war experience of ethno-religious diversity caused by immigration (positive view: 14-17%)—but also in the two countries currently most confronted with inflows of irregular migrants and refugees (Italy, Greece; positive view: 10-18%).

### **Migration and Terrorism: The European Union's Two Most Important Issues, According to its Citizens**

For the moment, EU citizens think that terrorism (2017: 44%, +12 percentage points since autumn 2016) and (irregular) migration (2017:

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<sup>29</sup> <https://www.ipsos.com/ipsos-mori/en-uk/perceptions-are-not-reality-what-world-gets-wrong>.

<sup>30</sup> Pew Research Center, "Attitudes toward increasing diversity in the U.S.," February 16, 2017, <http://www.people-press.org/2017/02/16/4-attitudes-toward-increasing-diversity-in-the-u-s/>.

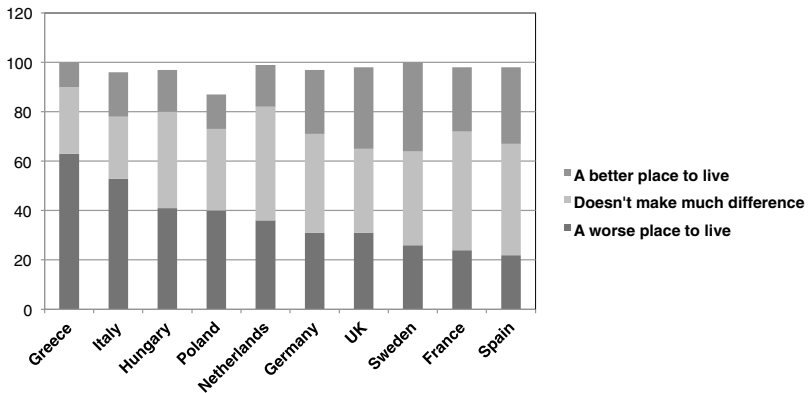
<sup>31</sup> Andrew Duff, "Canadians increasingly comfortable with diversity: survey," *Ottawa Citizen*, May 20, 2017, <http://ottawacitizen.com/news/local-news/canadians-increasingly-comfortable-with-diversity-survey>.

<sup>32</sup> Andrew Markus, "Australia's Changing Attitudes To Immigration," *Huffington Post*, July 15, 2016, [http://www.huffingtonpost.com.au/andrew-markus/australias-changing-attitudes-to-immigration\\_b\\_8404648.html](http://www.huffingtonpost.com.au/andrew-markus/australias-changing-attitudes-to-immigration_b_8404648.html).



### Figure 8. Few Europeans Say Growing Diversity Makes their Country a Better Place to Live

Answer to the question: “Overall do you think having an increasing number of people of many different races, ethnic groups and nationalities in our country makes this country a better place to live, a worse place to live, or does not make much difference either way?”, surveyed EU countries, 2016, in %



Source: PEW Research Center, Spring 2016 Global Attitudes Survey

38%, –7 percentage points since autumn 2016)<sup>33</sup> are the two most important challenges the EU is facing.<sup>34</sup> Only one of them is a demographic phenomenon, but neither can be addressed effectively by individual EU member states, and therefore have both domestic as well as a foreign policy dimension. The two issues only emerged on top of the list since 2013-14 (Figure 9).

In 2017, terrorism was the top issue of concern in 21 of the 28 EU member states (up from just one EU country, Spain, in 2015). Citizens' views were related to developments in Europe, but not necessarily in their own country.

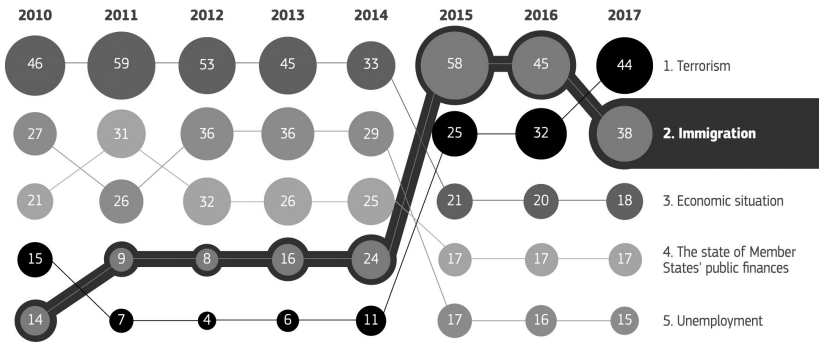
Citizens of countries that had been hit by terrorist attacks in 2015-2017, namely Belgium, France, Germany, Sweden, and the UK, did not

<sup>33</sup> <http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/STANDARD/surveyKy/2142>.

<sup>34</sup> Between 2009 and 2016, unemployment was the most important issue at national level. Twenty-nine percent of respondents ranked it as the top concern in 2017.

### Figure 9. Migration and Terrorism Matter Most

Main issues of concern that the EU is facing, EU28 average, 2010-2017, in %



Source: Eurobarometer 79 to 87. Note: A maximum of 2 issues could be mentioned in the answer.

give fighting terrorism a higher priority than citizens of unaffected countries. On the contrary: scores were highest in Latvia, the Czech Republic, Cyprus, and Malta (58-60%), countries not directly affected by terrorism.<sup>35</sup>

### Europeans are Concerned about the Arrival of International Migrants

In 2017, close to four in ten respondents (38%) mentioned immigration as the most important issue facing the EU. This issue had topped the list of perceived challenges in 2015 and 2016 (Figure 9).<sup>36</sup>

The highest support for EU involvement in migration management has been voiced in Cyprus (91%), Malta (87%), and Portugal (86%). The lowest is in Denmark (57%), the Czech Republic (57%), Latvia (60%), and Poland (63%).<sup>37</sup>

The reason for this gap is that Mediterranean countries see the EU as an institution that might help stem, or at least manage, the inflow of irreg-

<sup>35</sup> Eurobarometer 87, [https://data.europa.eu/euodp/data/dataset/S2142\\_87\\_3\\_STD87\\_ENG](https://data.europa.eu/euodp/data/dataset/S2142_87_3_STD87_ENG).

<sup>36</sup> [http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/586580/EPRS\\_BRI\(2016\)586580\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/586580/EPRS_BRI(2016)586580_EN.pdf).

<sup>37</sup> [http://europa.eu/rapid/press-release\\_IP-17-1302\\_en.htm](http://europa.eu/rapid/press-release_IP-17-1302_en.htm); [https://data.europa.eu/euodp/data/dataset/S2142\\_87\\_3\\_STD87\\_ENG](https://data.europa.eu/euodp/data/dataset/S2142_87_3_STD87_ENG).

ular migrants and refugees, whereas many people in Denmark, central Europe, and the Baltics perceive EU institutions to be facilitating the inflow of refugees to their countries via Europe-wide relocation and resettlement schemes that redistribute asylum seekers within the EU. Hence, they tend to be more skeptical.

Outside the UK and Denmark,<sup>38</sup> public discourse, and therefore citizen focus, is primarily on irregular migrants, asylum seekers and refugees, while regular migration and intra-EU mobility are less of a concern.<sup>39</sup>

In the case of migration there was no direct link between public opinion and documented flows. Countries most exposed to the arrival of irregular migrants and refugees in 2015-2017 were Italy, Greece, and Spain. Secondary movements of irregular migrants and refugees after their arrival in the EU mainly targeted Austria, Germany, and Sweden. The countries in which the public was most concerned about migration were, however, Estonia, Hungary, and Denmark (56-62%). Migration also heads the list in Germany, Austria, and Sweden, where inflows of irregular migrants and refugees—in particular from Syria, Iraq, and Afghanistan—had reached unprecedented levels in 2015-2016. The level of concern was even higher in Estonia and Hungary, however, which had not been affected by irregular inflows on a permanent basis.

These figures underscore that direct exposure to irregular migration and major concerns are not directly linked when citizens expect more political action to be taken at national and EU level.<sup>40</sup>

At the same time, it is important to note that 50 percent of those polled viewed refugees as a burden, whereas only 41 percent saw them as an enrichment. Negative views are particularly pronounced in Hungary, Poland, Greece, and Italy, where 65-82 percent see those seeking humanitarian protection as a burden (Figure 10). In those same countries, a distinct majority (65-73 percent) also perceives Syrian and Iraqi refugees to be a major threat (Figure 11) and generally sees diversity as a negative development in general (Figure 8).

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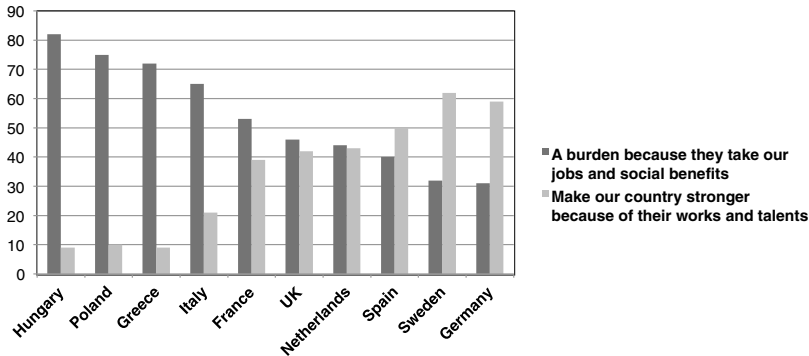
<sup>38</sup> Denmark and the UK have negotiated an opt-out in the area of European migration and asylum policy and are therefore not taking part in EU relocation and resettlement programs.

<sup>39</sup> Economic and Social Research Council, *Mapping Immigration Controversy*, <https://mappingimmigrationcontroversy.com/>.

<sup>40</sup> European Parliamentary Research Service, “Public Opinion and EU Policies,” October 18, 2016, [http://www.europarl.europa.eu/EPRS/TD\\_ExpectationsGap.pdf](http://www.europarl.europa.eu/EPRS/TD_ExpectationsGap.pdf).

### Figure 10. Many Europeans See Refugees as a Burden

Answer to the question: “Refugees are ... a burden because they take our jobs and social benefits; ... make our country stronger because of their works and talents,” surveyed EU countries, 2016, in %



Source: PEW Research Center, Spring 2016 Global Attitudes Survey

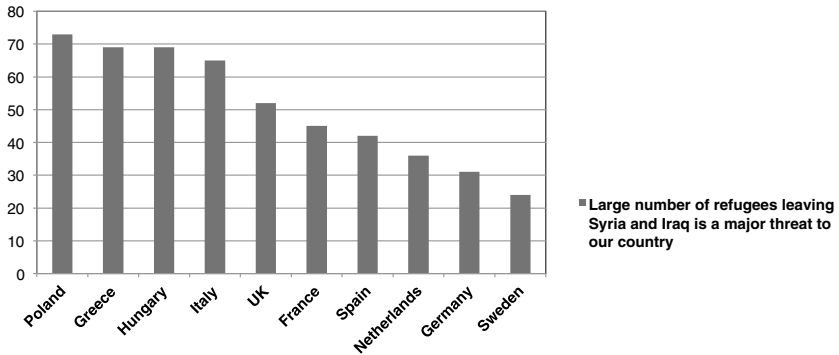
Countries with predominantly negative views comprise (a) societies that have seen Syrian and Iraqi refugees (most, but not all of them Muslims) passing through in large numbers (Hungary and Greece), (b) a country that is confronted mostly with irregular migrants from sub-Saharan Africa (Italy) and (c) a country (Poland) that has not been affected (and therefore not burdened) by refugee flows, but objects to relocation within Europe and direct resettlement from crisis areas. Negative views also prevail in France and the UK,<sup>41</sup> despite the fact that these two countries have seen neither a major inflow of Middle Eastern refugees nor arrivals of irregular African migrants at their shores, but are home and host to large Muslim and other immigrant communities.

A different pattern can be found in Germany and Sweden, two countries that have accepted the largest numbers of Middle Eastern refugees in 2015-2017. In these countries, the share of people seeing refugees mainly as a burden is much smaller (31-32 percent; Figure 10); and only a minority sees them as a major threat (24-31 percent; Figure 11).

<sup>41</sup> The UK (like Denmark) has an opt-out in the area of European migration and asylum policy and is therefore exempt from relocation and resettlement programs. Being outside Schengen the UK also has the possibility of control and minimize irregular inflows.

### Figure 11. Many Europeans See Refugees from Syria and Iraq as a Threat

Those saying that refugees leaving Syria and Iraq are a threat to their country, surveyed EU countries, 2016, in %



Source: PEW Research Center, Spring 2016 Global Attitudes Survey

Parts of Europe’s public sees the two priority areas as interlinked, fearing that people entering the EU as asylum seekers and being accepted as refugees might become terrorists. In this context it is often overlooked that the EU “exports” many more EU-born and radicalized young Muslims joining terrorist groups than it “imports” foreign fighters arriving among irregular migrants and refugees.<sup>42</sup> As a result, the main inflow of jihadists to Europe is made up of foreign fighters with EU citizenship returning from Iraq, Syria, and occasionally also from Afghanistan.<sup>43</sup>

### Protection of External Schengen Borders Has Become a New Priority

A few years ago, “Schengen”<sup>44</sup> was a synonym for the free movement of travelers and goods crossing intra-EU border without being checked.

<sup>42</sup> See Bibi van Ginkel and Eva Entenmann, eds., *The Foreign Fighters Phenomenon in the European Union*. ICCT Research Paper. The Hague: International Centre of Counter Terrorism, 2016, [https://icct.nl/wp-content/uploads/2016/03/ICCT-Report\\_Foreign-Fighters-Phenomenon-in-the-EU\\_1-April-2016\\_including-AnnexesLinks.pdf](https://icct.nl/wp-content/uploads/2016/03/ICCT-Report_Foreign-Fighters-Phenomenon-in-the-EU_1-April-2016_including-AnnexesLinks.pdf).

<sup>43</sup> AFP, “Europe’s dilemma—how to deal with returning jihadists,” in *al-Monitor*, June 16, 2017, <https://www.al-monitor.com/pulse/afp/2017/06/eu-attacks-jihadists.html>.

<sup>44</sup> The Schengen Area comprises 22 EU and 4 non-EU European states that have officially

During the migration crisis, “Schengen” became increasingly associated with a lack of control at the external borders that the Schengen countries manage on behalf of one another. As a reaction to the recent inflows of irregular migrants and refugees at Europe’s southern shores and land borders, some 71 percent of EU citizens in 2017 wanted the EU to engage more in the protection of external borders.

Differences across member states on this issue were moderate, with the exception of Sweden. The strongest support for increased EU action was registered in Cyprus (86%), the Czech Republic (81%), and Malta (80%). The weakest support by far was expressed by citizens in Sweden (48%)—the only country in which less than half of the citizens surveyed support increased EU intervention in this area. Other countries with comparatively weak support were Croatia (61%) and the Netherlands (64%). However, this still means that two thirds of the population would like to see increased EU involvement in external border protection (Figure 17).<sup>45</sup>

The EU and some of its member states have reacted both to the surge in irregular flows and to public concern by building new walls and fences at external EU borders,<sup>46</sup> expanding the mandate of EU’s Border and Coast Guard agency Frontex, including a rapidly deployable reserve pool of at least 1,500 border guards,<sup>47</sup> deploying additional border guards at several external borders,<sup>48</sup> and by running maritime surveillance, search and rescue operations in the Aegean<sup>49</sup> and the central Mediterranean.<sup>50</sup>

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abolished passport and all other types of border control at their mutual borders. The area mostly functions as a single country for international travel purposes, with a common visa policy. It is named after the Luxembourg town of Schengen, where the agreement was made.

<sup>45</sup> European Parliament Briefing, “Public expectations and EU policies: Protection of external borders,” July 2016, [http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/586589/EPRS\\_BRI\(2016\)586589\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/586589/EPRS_BRI(2016)586589_EN.pdf).

<sup>46</sup> Hungarian borders with Serbia and Bulgaria, and Greek borders with Turkey.

<sup>47</sup> Frontex, A year in review, 2017, [http://frontex.europa.eu/assets/Publications/General/A\\_Year\\_in\\_Review.pdf](http://frontex.europa.eu/assets/Publications/General/A_Year_in_Review.pdf).

<sup>48</sup> At the Bulgarian border with Turkey, the Greek border with Macedonia, at migrant and refugee registration centers (so-called hotspots) in Greece and Italy.

<sup>49</sup> Operation Poseidon (Frontex operation).

<sup>50</sup> Operation Triton (Frontex operation); EUNavFor Med Sophia (EU member states operation).

## The Migration Crisis Became a Trigger for More External Engagement

As more and more EU citizens came to see the large number of irregular migrants as a burden, or perhaps even as a threat, electorates adopted more anti-immigrant positions. This strengthened nativist anti-immigrant parties, but also put border controls, asylum and irregular migration at the top of mainstream party agendas.

As a result, many national governments and the EU as a whole reacted to the perceived migration crisis and increasingly adverse public opinion by trying to reform and speed up asylum procedures and implementing more effective border controls. At the same time, the EU and several of its member states stepped up cooperation with neighboring transit countries hosting migrants on their way to Europe.

The oldest of these types of cooperation exists between Spain and Morocco,<sup>51</sup> which has traditionally tried to bring under control irregular flows in the western Mediterranean as well as between western Africa and the Canary Islands. In a similar way, Germany—and later also the European Commission—negotiated an agreement with Turkey aiming at reducing the flow of migrants across the Aegean. That deal involved financial support and the implementation of a resettlement program on the EU side, while Turkey promised—and delivered on—stricter enforcement of exit controls and repatriation of irregular migrants back from Greece.<sup>52</sup> As a next step, Italy, France, and the EU negotiated agreements with Libyan actors, including the internationally recognized GNA government in Tripoli and several militias, in order to reduce the number of African migrants leaving for Italy via the central Mediterranean.<sup>53</sup> Those arrangements included strengthening the capacities of Libya's coast guards and

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<sup>51</sup> Sergio Carrera, Jean-Pierre Cassarino, Nora El Qadim, Mehdi Lahlou and Leonhard den Hertog, *EU-Morocco Cooperation on Readmission, Borders and Protection: A model to follow?* (Brussels: CEPS paper on Liberty and Security in Europe, 2016; see also Judith Sunderland, "Outsourcing Border Control to Morocco a Recipe for Abuse," *Human Rights Watch*, August 28, 2017, <https://www.hrw.org/news/2017/08/28/outourcing-border-control-morocco-recipe-abuse>).

<sup>52</sup> [https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/background-information/eu\\_turkey\\_statement\\_17032017\\_en.pdf](https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/background-information/eu_turkey_statement_17032017_en.pdf); <http://www.esiweb.org/pdf/ESI%20-%20Twelve%20facts%20about%20the%20EU-Turkey%20Agreement%20-%20January%202017.pdf>

<sup>53</sup> [https://eeas.europa.eu/headquarters/headquarters-homepage\\_en/19163/EU-Libya%20relations](https://eeas.europa.eu/headquarters/headquarters-homepage_en/19163/EU-Libya%20relations); <https://www.reuters.com/article/us-europe-migrants-libya-italy/eu-sticks-to-libya-strategy-on-migrants-despite-human-rights-concerns-idUSKCN1BP2CQ>.

turning local actors, like the al-Djabassi militia, from notorious smugglers into remunerated forces assisting in the field of migration control.<sup>54</sup>

Both from a demographic and a policy perspective, these arrangements clearly were successful, dramatically reducing the numbers of irregular migrants and refugees arriving in Europe while reducing the need to carry out search and rescue activities.<sup>55</sup> There is, however, a downside to these achievements. It has become a lot more complicated for genuine refugees to ask for asylum on EU territory; and the EU now bears some indirect responsibility for (partly horrible) living conditions in camps where irregular migrants and (would-be) asylum seekers are detained as a consequence of the negotiated arrangements with transit countries like Libya.

Beyond arrangements with transit countries, the EU and several EU member states have reached out to source countries. Western Balkan countries, Ukraine, and Moldova have accepted and implemented readmission agreements facilitating the return of their citizens found in irregular situations in EU member states.<sup>56</sup> This was and remains a quid-pro-quo for EU/Schengen countries offering visa-free travel, financial and development assistance as well as a possible path to future EU membership.

In addition to the approach taken in the EU's neighborhood, so-called Migration Partnership Agreements (MPAs) are being negotiated with African countries.<sup>57</sup> These MPAs include both Mobility Partnerships and Common Agendas on Migration and Mobility.<sup>58</sup> The idea behind these agreements is to allow for travel visa restrictions to be loosened, and possibly work permits or access to higher education in EU countries being granted. In return, African partner countries have to ensure their support in restricting illegal border crossing and accepting repatriation of their citizens detected in irregular situation in an EU member state.

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<sup>54</sup> Declan Walsh and Jason Horowitz, "Italy, Going It Alone, Stalls the Flow of Migrants. But at What Cost?" *New York Times*, September 17, 2017, <https://www.nytimes.com/2017/09/17/world/europe/italy-libya-migrant-crisis.html>.

<sup>55</sup> EUNavFor Med Sophia, Operation Triton.

<sup>56</sup> [https://ec.europa.eu/home-affairs/what-we-do/policies/irregular-migration-return-policy\\_en](https://ec.europa.eu/home-affairs/what-we-do/policies/irregular-migration-return-policy_en); <http://www.esiweb.org/index.php?lang=en&id=352>.

<sup>57</sup> [https://eeas.europa.eu/sites/eeas/files/factsheet\\_cc\\_format\\_migration\\_partnership\\_framework\\_update\\_2.pdf](https://eeas.europa.eu/sites/eeas/files/factsheet_cc_format_migration_partnership_framework_update_2.pdf); [https://ec.europa.eu/home-affairs/what-we-do/policies/international-affairs/global-approach-to-migration\\_en](https://ec.europa.eu/home-affairs/what-we-do/policies/international-affairs/global-approach-to-migration_en).

<sup>58</sup> For example, with Ethiopia: [http://europa.eu/rapid/press-release\\_IP-15-6050\\_en.htm](http://europa.eu/rapid/press-release_IP-15-6050_en.htm).



In parallel, the EU has launched an investment initiative addressing the so-called root causes of migration. Within the framework of the European External Investment Plan (EIP), a sum of up to € 44 billion will be invested in public and private sector projects with the aim of creating jobs and reducing the need to emigrate.<sup>59</sup> This is part of a larger shift in development assistance replacing grants and budget support by loan guarantees and subsidies on interest payments.<sup>60</sup>

One can conclude that the EU takes a carrot-and-stick approach: countries collaborating in the field of migration control and readmission are rewarded; those that don't collaborate could risk continued trade restrictions and possibly cuts in project funding or general support for their state budgets. From the European side, the main aim clearly is facilitating repatriation and curbing irregular migration, with the side effect of reducing casualties on the way from Africa to Europe.

It is clear that the EU's engagement with neighboring and African countries would not have reached its current intensity without a demographic trigger: large numbers of irregular migrants and refugees arriving at Mediterranean shores.

## **Conclusion**

External realities, global challenges, and internal requirements are pushing European countries and the EU as a whole to become more engaged in Europe's neighborhood and beyond. In this situation, at least two demographic trends are of relevance.

First, aging and stagnating or even shrinking native populations could lead to more risk-averse and inward-looking societies with clear spending priorities in the areas of public pensions, health, and old-age care. This would make any augmented external engagement—from military and humanitarian action to higher development assistance—more difficult.

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<sup>59</sup> [https://ec.europa.eu/europeaid/sites/devco/files/factsheet-eu-external-investment-plan\\_en.pdf](https://ec.europa.eu/europeaid/sites/devco/files/factsheet-eu-external-investment-plan_en.pdf).

<sup>60</sup> William Hynes and Simon Scott, "The Evolution of Official Development Assistance: Achievements, Criticisms and a Way Forward," OECD Development Co-operation Working Papers No. 12. Paris: OECD Publishing, 2013, <http://www.oecd.org/development/financing-sustainable-development/development-finance-standards/Evolution%20of%20ODA.pdf>.

The priority would most likely be on defensive measures and accommodation.

Second, the perceived threats of imported extremism, irregular migration and loss of control over external borders would require policies that go beyond increasing the number of border guards and building higher fences. Active engagement with Middle Eastern, African, and Western Asian neighbors and outreach to potential allies would be required as global imbalances favoring migration are here to stay.

Against this background, relations between the EU and Turkey have particularly suffered. Many no longer see Turkey as a potential demographic and geopolitical gain for the EU, but as a country drifting in an illiberal direction and trying to instrumentalize its diaspora. This would reduce the country from a strategic ally and EU candidate to just a valuable shield against irregular migrants, refugees, and other repercussions of conflicts in the Middle East.

All this comes at a moment where intra-EU and international migration split Europe into demographically winning and losing regions; but also into different camps: those defending free movement within the EU, the need to attract qualified migrants and to uphold humanitarian obligations with respect to refugees; and those who would like stop the admission of asylum seekers, oppose their relocation within Europe and would also like to reduce legal migration and mobility to much lower levels.

In sum: demographic change and trends will play a role in Europe's future foreign policy and international engagement, but they seem to work in opposite directions.

*Section II*

**Populist Currents and European  
and U.S. Foreign Policies**



### *Chapter 3*

## **Behind America's New Nationalism**

*David C. Hendrickson*

A great beast of resentment has been rising in the publics of Western nations. To the shocked surprise of the cognitive elites, it roared in the summer of 2016 in Britain's referendum to leave the European Union; it then roared yet louder in the election of Donald Trump. The phenomenon is world-wide, traversing every time zone, but there is something especially unsettling about its resurgence in the Anglosphere. That Venezuela or the Philippines should be swept up in the maws of populist frenzy occasions no great disquiet; that was the sort of thing that not infrequently happened to "less developed countries." When it happens to the two countries that always considered themselves the most developed, it strikes with volcanic force. The chattering classes suddenly realize that they are chattering among themselves, their role as leaders of opinion cast to the four winds. Their prized possessions—clever argument, reasoned deliberation—no longer seem prized. What good is an essay lamenting the decline of expertise if only experts read it?<sup>1</sup>

The populist resurgence is essentially equivalent to nationalism in many of its guises. Today, all populists are nationalists, but not all nationalists are populists. Trump melded the two themes in his campaign, portraying himself as a representative of America First and a carrier of populist fury against globalism. In doing so, Trump threw riotously into question basic elements of the security consensus, one held tenaciously by the leadership hitherto dominant in both U.S. political parties. He also repudiated on the campaign trail central parts of the neo-liberal economic order, privileging the free movement of goods and capital. He took a draconian and indubitably ugly approach to immigration.

How far these revolutionary sentiments will be translated into policy remains unclear. On security questions, Trump has seemed to trace a trajectory in which the bold challenger to the establishment ends up being

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<sup>1</sup> Tom Nichols, "How America Lost Faith in Expertise: And Why That's a Giant Problem," *Foreign Affairs* (March/April 2017).

swallowed by it, but no one can be quite sure where he'll end up. On key issues, Trump has been defined by his erraticism.

Though unique in manifold respects, and of vastly uncertain significance, Trump's rise was weirdly symbolic of a world-wide trend. In Poland and Hungary, in China and Russia, in India and the Philippines, in little 'ole England and the U.S. of A.—just about everywhere, in fact—nationalism rekindles its old appeal, breathing fire against a malign outside world. Europeans used to believe that it was impossible for Americans, first among internationalists, to turn in this direction. Americans, in turn, liked to think that Europe had transcended its nationalist past. But today, old verities about what was possible have been shaken. The 2017 election of Emmanuel Macron in France, in which he defeated Marine le Pen by a 66 to 34 percent margin, suggests that strong countervailing tendencies exist to the populist and nationalist resurgence within the West, but 2016's big surprises—Brexit and Trump—have made for a profoundly altered moral and geopolitical prospect.

The problem for this chapter is to assess the origin and strength of these populist and anti-establishment trends in the United States, and to explore how far they have mattered and will matter for U.S. foreign policy, especially the U.S.-Europe relationship. To investigate that question, we need to examine Trump and Trumpism in relation to the domestic determinant of foreign policy more broadly—that is, the political, institutional, and cultural milieu in which domestic trends play out. These include: 1) the stark polarization of opinion between Republicans and Democrats, the two main U.S. political parties, on a host of issues of intense concern to Europe, especially climate change, immigration and multilateralism; 2) the growth of disenchantment among activists in both parties with neoliberalism, accompanied by a broader anti-establishment sentiment and a greater receptivity to protectionism in trade; 3) a public mood that insists upon the primacy of domestic over foreign policy and that constitutes a sometime restraint on military adventurism; 4) a national security state that, in the matters committed to its care, exercises profound influence over the U.S. world role; 5) a deep institutional paralysis in Congress, contributing to a larger breakdown of faith in the efficacy of America's political institutions; and 6) the uncharted waters that lie in wait for a political system that has vested the power of initiating war in one man.

## **Change and Continuity**

Donald Trump has been a revolutionary figure in many respects. His rhetoric recalled the character traits that observers have imputed to demagogues since ancient Greece, with Trump outdoing even Cleon in unscrupulousness, though not in eloquence. His raw, unfiltered Twitter feed, often at cross purposes with policies enunciated elsewhere in the government, provokes even dyed-in-the-wool cynics to affirm that there are some things absolutely new under the sun. In the midst of head-scratching provocations and uncouth comments, it is easy to forget the many continuities with the preceding Republican administration and with the larger Republican consensus. Trump, of course, campaigned against Republican Party elites, but he must govern as a Republican, if he is to govern at all. The most fruitful way to understand the Trump administration is to see it as a Republican administration; its ideological center of gravity lies in certain long-standing beliefs of the Republican Party.

One element of the Trump program that stands faithful to Republican traditions is his proposal to boost defense spending and cut taxes. In this he follows President Ronald Reagan in the 1980s, Congressional leader Newt Gingrich in the 1990s, and President George W. Bush in the 2000s, all of whom embraced defense buildups and tax cuts while touting, nominally, fiscal rectitude. Even without changes to the baseline budget, cumulative deficits over the next ten years were projected in 2016 to increase the national debt by \$8.6 trillion, rising from 75 percent of GDP in 2016 to 86 percent of GDP in 2026; Reagan and Bush II, by contrast, faced far less exacting constraints when they set forth their budget-busting programs. Trump went beyond them in proposing a hard power budget that ruthlessly excised programs suggestive of a humanitarian purpose or that sought preparedness against non-military dangers. Trump's view of the bureaucracy is also vastly different from previous Republican administrations; Reagan and the two Bushes sought to command and utilize, not dismantle and marginalize, the State Department. Despite certain novelties, indubitably his and his alone, there remain basic continuities between the Trump program and previous Republican administrations in their approach to the national budget, the locus point for setting national priorities.

The historic debate over U.S. foreign policy between interventionists and isolationists has always fundamentally informed by the prospect of war and the status of military alliances. But there are other domains that

raise critical problems, have a global character, and were a key part of the agenda for American foreign policy under Barack Obama. Among these are the specter of relentlessly increasing temperatures, making for extreme climate change, rising sea levels, and food insecurity; the danger of widespread pandemics, imperiling public health and world commerce; the alarming state of the world's oceans, which face an increasingly hazardous future. These challenges, Obama believed, require both national exertion and international cooperation if they are to be addressed. They raise acute problems in which all the world's nations are vitally interested, but which none can successfully address singly. And yet among Republicans, especially, those most avid for U.S. security commitments across the globe are loath to commit the United States to international treaties or collaborations that address these issues. Internationalist or interventionist in one sphere, they are isolationist in the other.

Trump's intent to withdraw from the Paris climate accord, announced on June 1, 2017, is thus basically consistent with traditional Republican policy. George H.W. Bush declared that the American way of life—that is, low gas prices and suburbs—was not up for negotiation at the Rio climate conference in 1992; his son George W. Bush withdrew the United States from the Kyoto Protocol in 2001. In the 1990s, to be sure, there were many notable Republican voices who sounded the alarm about climate change, but their weight within the party has steadily diminished over the last generation.<sup>2</sup> Whether climate change is a problem, and how government should respond, divided the two parties even in the 1990s, but the gap in perspective has widened dramatically in the last fifteen years. In 2016, 77 percent of Democrats thought of climate change as an urgent problem, whereas Republicans disagreed by a 50-point margin.<sup>3</sup> Increasingly, Republicans came to see climate change as a hoax perpetrated by a scientific elite in the grip of ideological hostility to free markets. Trump's withdrawal from the Paris accords, deeply unpopular in Europe, is also unpopular in the United States, with the U.S. public broadly favorable,

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<sup>2</sup> A dying ember, as it were, of an older Republican statesmanship is the report prepared by James A. Baker III, with other conservative Republicans, arguing for carbon taxes, *The Conservative Case for Carbon Dividends* (Washington, D.C., 2017). Its fate—malign neglect—recalls Bishop Berkeley's query about the tree that fell in the forest when no one was around to hear. Did it make a noise?

<sup>3</sup> 26 percent of Republicans, and 77 percent of Democrats said global climate change is a major threat to the well-being of the United States. Survey April 12-19, 2016. "Widest Partisan Differences on Threats Posed by Climate Change, Refugees from the Middle East," Pew Research Center, May 4, 2016.



in principle, to national effort and international cooperation in addressing climate change. The Republicans do not agree.<sup>4</sup>

Though Trump's break with the Paris accord has great symbolic importance, it simply confirms the previously enunciated Republican opposition to Obama's Clean Power Plan, blocked in the courts in 2015 before it was abandoned by President Trump in 2017. Obama's reliance on executive power for his efforts to meet the Paris pledges had as its predicate the unwillingness of congressional Republicans to cooperate with the executive on climate matters. The moment when such cooperation appeared possible—the first two years of Obama's presidency, when the Democrats controlled both legislative chambers and tried, but failed, to deliver a U.S. cap and trade program—has long since passed. Even had Trump not announced his intent to withdraw from the Paris accord, the ability of the United States to meet its self-proclaimed targets, insofar as that required federal action, was mostly blocked in Congress and the courts (though progress toward those targets had been made by virtue of the widespread substitution of now-plentiful natural gas for coal). Steps such as hefty taxes on gasoline, adopted long ago by America's closest allies in Europe and Asia, have been anathema to the Republicans since the 1990s, and Democrats, for all their brave talk and profuse pledges, sense their electoral vulnerability to steps that require tangible sacrifices. When they controlled Congress in 2009 and 2010, they did not impose additional petrol taxes (those were last raised at the federal level in 1993, to 18.4 cents per gallon). Opinion polls show the public supports modest increases in the gasoline tax to pay for upgrades to America's crumbling infrastructure, but no U.S. politician thinks it anything but hazardous to propose the sort of taxes necessary to prompt an energy transition.

The two main political parties are also deeply polarized with regard to a clutch of issues surrounding immigration, and this reflects a change from two decades ago even more dramatic than that which has occurred over climate change. In the early 2000s, Republicans and Democrats didn't diverge sharply in their attitudes; now there is a chasm of 40 to 50 points between them. Expectations that the browning of America would yield electoral advantage for the Democrats was the main reason for partisan

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<sup>4</sup> The latest Chicago Council survey shows only 37 percent of Republicans favor the Paris agreement, but notes that 57 percent of Republicans favored participation in 2016. Dina Smeltz, Ivo Daalder, Karl Friedhoff, and Craig Kafura, *What Americans Think about America First*. Chicago Council on Global Affairs, October 2, 2017, pp. 6, 27-28.

divergence, reinforced by the budding discovery among Republican leaders that their base responded enthusiastically to a nativist stance.

Debates over immigration have merged with larger contests over voter suppression and gerrymandering, a no-holds-barred effort in the states to shift the political balance of power. According to scholars, the Republicans have been most successful at this effort (though the Republicans, with little to no evidence, also cry foul against the Democrats for vote-tampering). In 2012, the Democrats won the popular vote for the House of Representatives by 1.5 million votes, but gained only eight seats and remained in the minority (in a house of 435 members) by a 33-vote margin—results owing especially to the minute re-drawing of electoral districts that occurred after Republicans won widespread ownership of statehouses and legislatures in 2010.<sup>5</sup>

This disjunction between popular opinion and political result is also reflected in the composition of the Senate, with the more thinly populated states in flyover country, which are mostly dominated by the Republicans, having by the Constitution the same number of Senate seats as California and New York, the two most populous (and heavily Democratic) states. The Electoral College rules for the election of the president, an ungainly inheritance from the eighteenth century, reinforce the same tendency: Hillary Clinton won the popular vote by 2.9 million (66 million to 63 million), but lost the Electoral College by a vote of 304 to 232.

Of course, immigration touches a range of other concerns besides future electoral advantage, including fear of competition for jobs and America's larger struggles over identity, but partisan opinion on the question has become deeply polarized in a way that is new. Long gone are the days when the *Wall Street Journal*, closely identified with Republican perspectives and corporate interests, could propose a constitutional amendment declaring "there shall be open borders." Almost all Republicans now view a dovish stance on that question as a route to oblivion in Republican primaries, which they must win in order to have a chance of competing for the favor of the broader public. Trump's victory made that calculation more apparent than ever, but the Republicans had basically come to that conclusion before Trump announced his presidential bid. A common diagnosis among the Republican leadership after Mitt Romney's 2012 defeat

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<sup>5</sup> Elizabeth Drew, "American Democracy Betrayed," *New York Review of Books*, August 18, 2016 reviewing David Daley, *Ratf\*\*ked: The True Story Behind the Secret Plan to Steal America's Democracy* (New York, 2016).

was that the Republicans needed to shed their anti-immigrant (and anti-Hispanic) image, a perception that formed the basis for congressional efforts to fashion a compromise bill on immigration. That effort, under the leadership of the “gang of eight,” fell apart amidst growing appreciation of the political danger from primary challengers from the Republican right. (This was especially signaled by Dave Brat’s defeat of House majority leader Eric Cantor in the June 2014 Republican primary in Virginia).

Public opinion on the immigration issue is not easy to characterize. A majority of 58 percent oppose new spending on a border wall,<sup>6</sup> but a seven-point plurality supported Trump’s initial executive order (since ruled unconstitutional by a federal district court, then withdrawn and serially resubmitted) temporarily banning admissions from seven majority Muslim nations. Surprisingly, two thirds of Americans support a path to citizenship for undocumented people long resident,<sup>7</sup> a sentiment diluted by the intensity of the opposing feeling in electorally vital states.<sup>8</sup> The Democrats are willing to trade tougher border enforcement for a path to citizenship, but legislative majorities for a compromise are elusive. That America would participate in refugee resettlement programs was for Obama and Clinton a hard sell to the public, which is seldom swayed by humanitarian appeals in foreign policy if they are seen to impose serious costs. 69 percent of Clinton supporters said the United States had a responsibility to accept refugees from Syria, whereas 87 percent of Trump supporters said it didn’t, with the broader public siding with the Trump view by a 54 to 41 percent margin.<sup>9</sup>

Beyond the vagaries of public opinion, it is evident that the Republicans have staked their fortunes on the issue and are unlikely to change their mind. Many Democratic intellectuals, sensitive to the emergence of anti-immigrant feeling, urge the Democrats to revert to their posture in the 1980s and 1990s, when they focused more on the national interests of American workers than the rights of immigrants. The United States has admitted some 47 million migrants since 1990, of which about 10-12 mil-

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<sup>6</sup> Rebecca Savransky, “Poll: Americans Oppose Trump Border Wall Funding,” *The Hill*, April 6, 2017.

<sup>7</sup> Smeltz et. al, *America First*, p. 26.

<sup>8</sup> For the political salience of immigration fears, see Thomas B. Edsall, “How Immigration Foiled Hillary,” *New York Times*, October 5, 2017.

<sup>9</sup> Pew Research Center, op. cit., “7. Opinions on U.S. International Involvement . . .” October 27, 2016. See also the chapter by Dina Smeltz and Karl Friedhoff in this volume, where they note previous opposition by majorities of Americans to admitting Hungarians in 1958, Indochinese in 1979, Cubans in 1980, and Haitians in 1994.

lion were illegals, far more than any other country. While America will not shut its gate entirely to further immigration or refugee admittances, the aggregate numbers are likely to go down in the future. Arbitrary treatment of visitors, and the prospect of indignities at the hands of the authorities, will cause collateral damage for domestic industries like tourism, education, construction, and agriculture; yet further collateral damage seems certain to arise from Trump's ill-treatment of Mexico. Nevertheless, Trump seems determined to deliver on his promises, and his success with the Republican base has made a compromising disposition on this question electorally hazardous for Republican incumbents.

### **Trade, Multilateralism, Russia, and Iran**

Whereas partisan differences have become deeply polarized on climate change and immigration, they are more evenly balanced with regard to questions of international trade and protectionism. The elites in both parties long regarded America's trade agenda, for NAFTA and the WTO in the 1990s, and for the TPP and TTIP more recently, as a sort of no-brainer, raising all boats, but the 2016 campaign showed that a protectionist message resonated deeply with the bases of both parties. Bernie Sanders and Donald Trump at certain moments sounded almost alike in their condemnation of the neoliberal nostrums once closely identified with America's world posture, and their electoral competitors took notice. Hillary Clinton, originally an enthusiast, came out against the TPP, as did Ted Cruz, who ran second place to Trump in the Republican primaries. Neoliberal trade policies of the last generation buoyed the stock market but also, as Edward Alden explains in this volume, left 80 percent of Americans "treading water."<sup>10</sup> One of the unbidden consequences was the vulnerability of a pained electorate to Trump's demagoguery.

Trump's nationalist instincts on the trade issue do represent a big break from post-1980s Republican orthodoxy, but the financial interests that make up the Republican coalition remain more in the free trade than protectionist camp, so his political space to accomplish legislative change is probably very limited. On the other hand, the president enjoys very considerable discretion in trade policy, so he might be able to wreck without re-making such symbols of the neoliberal order as NAFTA. The public has for a long time split from the elite on the greater priority they place

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<sup>10</sup> See Edward Alden's chapter in this volume.

on “protecting jobs” versus creating a cheaper consumer cornucopia, and Trump capitalized on that sentiment in the states that put him over the top in 2016 (Michigan, Ohio, Pennsylvania, North Carolina).<sup>11</sup> Buoyed by this experience, Trump undoubtedly sees a tough line on trade as a winning issue, but the politics of it are messy.

The free trade vs. protection argument is a hardy perennial in American politics; James Madison, in 1820, noted that the tariff divided the nation in a checkered manner, crossing other lines of division, and that is also the case today, as differences over trade protection do not generally align with the broader cleavages in identity politics that are now so important. EU officials and Mexican politicians, drawing up potential targets of retaliation against an expected bout of protectionist measures from Trump, see agricultural free traders in Trump’s constituency as a logical point of pressure; there will be many such calculations—and many points of pressure—if the trade war heats up and costs once hidden begin to mount.

European opinion has been alarmed by the Trump administration’s larger skepticism toward multilateral engagement, but this too is not without precedent. The George W. Bush administration became renowned for its unilateralism and its impatience under multilateral restraint. In basic posture, Nikki Haley, Trump’s ambassador at the United Nations, is a throwback to John Bolton, nominated by Bush as UN ambassador (but never confirmed by the Senate). As scholar David Kaye noted in 2013, there are dozens of multilateral treaties “pending before the Senate, pertaining to such subjects as labor, economic and cultural rights, endangered species, pollution, armed conflict, peacekeeping, nuclear weapons, the law of the sea, and discrimination against women.”<sup>12</sup> Requiring a vote of two-thirds in the Senate for passage, these have been blocked by a coalition of Republican senators for over two decades. Of course, it surely matters when the executive comes into the possession of people with a profound distrust of multilateral engagement and commitment. The United States never ratified the UN Convention on the Law of the Sea (UNCLOS), for instance, but the executive branch historically agreed to abide by its terms; in general, a willing president has opportunities for international cooperation that do not depend on Congress. Trump’s evident hostility to such enterprises could therefore be very consequential,

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<sup>11</sup> See Dina Smeltz *et al.*, *The Foreign Policy Establishment or Donald Trump: Which Better Reflects American Opinion?* Chicago Council on Global Affairs, April 20, 2017.

<sup>12</sup> David Kaye, “Stealth Multilateralism,” *Foreign Affairs* (September/October 2013).

but in a manner not too dissimilar from the stance Europeans confronted during Bush II's presidency.

One dramatic change, with far-reaching ramifications, is the big shift that has taken place in regard to partisan views on Russia. In 2012, Democratic critics widely ridiculed Mitt Romney's assertion that Russia was the greatest geopolitical threat to the United States; almost none of them believed that at the time. In the spring of 2017, 39 percent of Democrats regarded Russia in that vein.<sup>13</sup> That is partly owing to the Ukraine crisis, but most especially of late to accusations of Russian meddling in the 2016 elections and the widespread Democratic suspicion that Trump colluded with the Russians in their activities. Whatever the outcome of "Russiagate," it has sealed Democratic enmity toward Putin and Russia for a long time to come. Trump's desire to "get along with the Russians" was one of the most surprising gambits of his campaign, as the two previous Republican nominees, Mitt Romney and John McCain, were invariably more hawkish than the Democrats, as was and is his vice-President, Mike Pence. Now the parties compete with one another in showing the depth of their hostility toward Russia. Given Trump's political isolation on Russia, his only room for maneuver would seem to lie in adopting hawkish policies toward Russia as a way of forcing his domestic enemies to applaud him. Anything suggestive of a new détente with Russia has had the political air withdrawn from it and would probably be blocked by congressional action were Trump to proceed in this way.

The foreign policy views that Republican leaders most detested in Trump's campaign were his statements favoring a better relationship with Russia. The foreign policy stance they most approved was his condemnation of the Iran nuclear agreement, in Trump's estimation "the worst deal ever."<sup>14</sup> Any agreement that offers Iran reciprocal advantages—a necessary condition of agreement—has long been held by Republican opinion to be objectionable for that very reason. No Republican in Congress supported Obama's 2015 nuclear agreement with Iran. Trump's October 2017 decision to terminate the agreement, barring an unlikely Iranian capitulation, points toward a more bellicose posture, and there is even talk within the administration and the Congress of making regime change in Iran the

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<sup>13</sup> Rob Suls, "Share of Democrats Calling Russia 'Greatest Danger' to U.S. Is at Its Highest Since End of Cold War," Pew Research Center, April 20, 2017.

<sup>14</sup> Steve Holland, Yara Bayoumy, "Trump strikes blow at Iran nuclear deal in major U.S. policy shift," Reuters, October 13, 2017.

explicit objective of U.S. foreign policy.<sup>15</sup> Surprisingly, given Trump's heated denunciation of Saudi Arabia during the campaign, the emerging thrust of his policy as president has displayed a close alignment with the Saudi and Israeli view demonizing Iran.

A collision between European and American perspectives is almost certain to arise over the treatment of Iran, with U.S. authorities greatly tempted to use the long arm of U.S. financial sanctions to enforce their view. In objecting to such measures, Europeans may struggle to find much of a hearing from Democratic legislators. To be sure, the Democrats are attached to the agreement Obama and the powers negotiated with Iran, but many of them (including the leader of the Democrats in the Senate, Charles Schumer, who opposed the JCPOA initially) are not backward in regarding Iran as an existential threat to Israel and the United States. Domestically, the anti-Russia and anti-Iran caucuses are ascendant in both parties, a fact shown by the overwhelming votes in Congress in 2017 (98-2 in the Senate, 419 to 3 in the House of Representatives) imposing sanctions against Russia and Iran. Any policy initiative seeking minimally decent relations with either country would face a stout barrier in Congress, even were the president to desire such.

The congressional sanctions bill, nominally against Russia and Iran, also authorized extraterritorial sanctions against German companies involved in the financing and construction of the Nord Stream 2 pipeline with Russia, a threat that elicited strong objections from the Merkel government.<sup>16</sup> Such measures do have precedents: President Reagan, to the surprise of most observers, slapped sanctions on the Russian pipeline back in the early 1980s, provoking the objection from France's foreign minister that the decision "could well go down as the beginning of the end of the Atlantic alliance."<sup>17</sup> But there was not then, as there is now, also in play a U.S. bid to displace Russian gas with LNG exports from the United States. The U.S. sanctions against Russia in 1982 were taken as part of a larger Cold War struggle and actually hurt U.S. companies like GE, whereas the

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<sup>15</sup> Eric Pelofsky, "Tillerson Lets Slip He Wants Regime Change in Iran," *Newsweek*, June 27, 2017. For other statements, see Alexander B. Downes and Lindsey A. O'Rourke, "The Trump administration wants regime change in Iran. But regime change usually doesn't work," *The Washington Post*, July 31, 2017.

<sup>16</sup> Stefan Wagstyl, "Merkel Sharpens Attack on US Sanctions against Russia," *Financial Times*, June 16, 2017.

<sup>17</sup> Quoted in James Gibney, "Sanction Russia? Reagan Tried It with No Luck," *Bloomberg View*, March 17, 2017.

2017 U.S. initiative on gas has a selfish tenor, explicable either as a naked bid to increase U.S. market share or simply one of the ways of European payment for U.S. protection in NATO. Trump likely thinks of it in both those ways.

European opinion during the Cold War was typically riven by two opposing fears: first, that the Americans would abandon them; second, that the Americans would enmesh Europe in a conflict brought on by excessive U.S. belligerence to world communism. Something like that old dynamic may yet arise again. In seeking from Trump the reaffirmation of Article 5 of the North Atlantic Treaty, the Europeans may get in return more than they bargained for—U.S. pressure for sanctions against Russia that go beyond Europe’s declared preferences and call into question its right to independent decision-making in foreign affairs. The more likely confrontation will come over Iran and the U.S. temptation to threaten war and extraterritorial sanctions in the contest with that country, but it could come over Russia as well. In early 2017, Senator Lindsey Graham of South Carolina declared 2017 “a year of kicking Russia in the ass in Congress.”<sup>18</sup> As in all such righteous undertakings, the possibility of collateral damage to allies should not be discounted.

## Court and Country

In some of the issues areas we have surveyed, such as climate change and immigration, fractures in public opinion are perfectly reflected in partisan differences. On larger questions of foreign policy and military commitment, however, there are serious cleavages in public opinion that are hardly registered at all in partisan squabbling between Democrats and Republicans.

Congressional leadership in both parties, the U.S. military, and the mainstream media are deeply committed to the maintenance of the national security state and to America’s worldwide system of alliances. A substantial portion of the public, on the other hand, is uneasy with those commitments. In 2014, 50 percent of adults described themselves as dovish (“someone who believes the U.S. should rarely or never use force”), 45 percent as hawkish (“someone who believes that military force should be used frequently to promote U.S. policy”), with 59 percent of Democrats,

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<sup>18</sup> Nick Wadhams and Patrick Donahue, “Lindsey Graham Says 2017 is All about Hitting Back at Russia,” *Bloomberg Politics*, February 19, 2017.



57 percent of Independents, but only 25 percent of Republicans identifying as doves.<sup>19</sup>

The percentage of Americans who believe that the United States “should mind its own business internationally and let other countries get along the best they can on their own” reached all-time levels in 2013: 52 percent. Only 20 percent of Americans thought that way in 1964. The percentage of nay-sayers had risen to a high of 43 percent in 1976, when disenchantment with the Vietnam War took its toll, and had fallen as low as 30 percent in 2002, after the 9/11 attacks, but shot up to majority status as frustration with Iraq and Afghanistan deepened. In Pew’s 2016 survey, it fell back again to 41 percent, probably reflecting the rise of ISIS and the renewal of the cold war with Russia, but it is still within the range of post-Vietnam disaffection. By a two to one margin (61 to 32 percent) American voters believe the Iraq War was a mistake. (The veterans of that war feel the same way.) If given a choice between doing more abroad or fixing America, substantial majorities agree that the United States “is doing too much around the world and it is time to do less internationally and focus more on domestic problems.”<sup>20</sup>

The various polls measuring public opinion on foreign policy suggest a fundamental contradiction between the aspirations of the foreign policy elite and those of the public, pitting the court against the country. Each takes profoundly different views of the primacy of domestic vs. foreign policy, recalling George Kennan’s distinction between those who conduct foreign policy in order to live, and those who live in order to conduct foreign policy.

This is shown even in the polls regarding NATO, which retains a large well of sympathy from the public (from 55 to 70 percent), but where the willingness to use force in accordance with Article 5 on occasion seems wanting. In a 2016 Pew Poll, 56 percent of Americans said the United States should use military force to defend a NATO country under Russian attack (37 percent said it should not),<sup>21</sup> but when specific countries, like

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<sup>19</sup> CNN/ORC Poll, September 25–28, 2014, at <http://www.pollingreport.com/defense.htm>.

<sup>20</sup> Andrew Kohut, “Americans: Disengaged, Feeling Less Respected, But Still See U.S. as World’s Military Superpower,” Pew Research Center, April 1, 2014; also Pew report of May 5, 2016. Greater skepticism is registered in other polling. See Daniel R. DePetris, “A New Poll Shows America’s Reluctance for New Foreign Adventures,” *The National Interest*, October 27, 2016.

<sup>21</sup> Danielle Cuddington, “Support for NATO is Widespread among Member Nations,” Pew Research Center, July 6, 2016.

Estonia, are mentioned, support has sometimes only registered at the 20 to 30 percent level.<sup>22</sup> In polling done by the Chicago Council on Global Affairs, the report of which generally argues against a big gap in public and elite perceptions in foreign policy, 71 percent of Republican elites and 64 percent of Democratic elites saw defending U.S. allies as “very important,” whereas only 35 percent of the public did so.<sup>23</sup>

While the American public will not abide large U.S. casualties, especially in a cause that fails to achieve its declared aims, it shows little evidence of opposing U.S. airpower throughout the Greater Middle East. The military tools chosen from obeisance to domestic constraints are not necessarily capable of achieving a strategic aim, but airpower and drone strikes have faced little public backlash thus far. In Trump’s first months in office, he escalated airstrikes across the Greater Middle Eastern map, often to general applause from the commentariat (as in Syria), giving him a modest bump upward in the public opinion polls.

Even if one insists on the existence of a gap between court and country in their respective approaches to foreign policy, the significance of the gap may be doubted. Trevor Thrall, whose research has identified a “restraint constituency” of significant heft, has noted its less than adamant character:

Though a majority of the public defaults toward caution under most circumstances, a persistent susceptibility to elite rhetoric provides regular challenges to the maintenance of restrained opinions. The balance between restraint and interventionist views, moreover, ebbs and flows with international events and recent experiences. As a result, the public’s predispositions do indeed provide an opening

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<sup>22</sup> Smeltz, et. al, in *America First*, note that in 2017, for the first time, a majority of Americans (52 percent) “support the use of US troops if Russia invades a NATO ally like Latvia, Lithuania, or Estonia.” Op. cit.

<sup>23</sup> Smeltz, *Foreign Policy Establishment or Donald Trump*, op. cit. U.S. public opinion, note Smeltz and her co-authors, is more aligned with the foreign policy establishment than with Trump. The latest report of the Chicago Council (Smeltz et. al, *America First*, p. 2) argues that Americans have “doubled down” on these beliefs. 55 percent of Democrats, for instance, say that maintaining existing alliances is a “very effective” way of achieving foreign policy goals, in contrast with 45 percent in 2016, with movement among Independents from 34 percent in 2016 to 47 percent in 2017. Stressing the gap between elite and public perspectives are Benjamin Page and Marshall M. Bouton, *The Foreign Policy Disconnect: What Americans Want from Our Leaders but Don’t Get* (Chicago: University of Chicago Press, 2006), and Eric Alterman, *Who Speaks for America?: Why Democracy Matters in Foreign Policy* (Ithaca, NY: Cornell University Press, 1998).

for presidents to adopt restrained foreign policies, but they also make it possible for them to do the opposite with some frequency.”<sup>24</sup>

In key respects, it would seem, the “national mood” is something of a fiction. It often stands in contradiction with itself and cannot generate anything approaching a consensus. The nation does not want war, but it recoils at the thought of accommodation to rival centers of power. The public readily imbibes the ideology of the national security state, even as it bridles at the costs. The public does not in the main approve the elite’s understanding of internationalism—“the belief that, to be secure, the United States must exert the full panoply of its power—military, economic, and ideological—on the international system in order to shape its external environment”<sup>25</sup>—but the public has proven willing to back up the state if it is challenged in this quest by other powers, throwing the fuel of Jacksonian nationalism on the fires lit up by America’s strategic ambitions.<sup>26</sup> On the one hand, nothing so reliably produces neo-isolationists as imperial overstretch; on the other hand, Americans are easily hornswoggled and, once committed, have difficulty leaving. In matters of war and peace, they seem always to come late to their repentance.

## Institutional Order and Disorder

Despite significant disenchantment in public opinion, America’s global military role remains intact. This arises from rooted enmities in Europe, the Greater Middle East, and East Asia, especially. America’s role is sustained both by ideological propensities in American political culture and the vested interests of the national security establishment. Ideologically, proponents stress America’s global role in support of the liberal rule-based order. Buttressed by expressions of American exceptionalism, this role features an America that defends itself by defending others, upholding

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<sup>24</sup> A. Trevor Thrall, “Beyond Hawks and Doves: Identifying the Restraint Constituency,” in A. Trevor Thrall and Benjamin H. Friedman, eds., *The Case for Restraint: U.S. Grand Strategy for the 21<sup>st</sup> Century* (New York: Routledge, 2017).

<sup>25</sup> Christopher Layne, *The Peace of Illusions: American Grand Strategy from 1940 to the Present* (Ithaca, NY: Cornell University Press, 2006), p. 7.

<sup>26</sup> On “Jacksonian nationalism,” see Walter Russell Mead, *Special Providence: American Foreign Policy and How It Changed the World* (New York: Routledge, 2001). The term refers to the bellicose nationalism, highly conscious of honor and fair play, but tough as nails, which the Scotch-Irish especially brought to the land of the free. World order doesn’t concern them. But they have often been willing to fight for some idea of it.

fundamental principles like territorial integrity and freedom of navigation, but defining itself also in opposition to a range of hostile enemies. For the establishment, there seems basic agreement on the point that it is impossible to have a liberal world order without having hostile relations with Russia, Iran, North Korea, and China (together with a shifting cast of lesser states and terrorist groups). This cultural understanding is supplemented and given expression by an entrenched military-industrial complex and national security state that enjoys tremendous power in relation to the issues that are committed to its care.

Trump's relation to the national security state is curious in many respects—he faces independent fiefdoms in the FBI and NSA, with which he seems to be at war. He has wanted to decimate the civilian personnel of the State Department, which he sees as part of the “swamp,” even while imbibing their geopolitical enmities—an attitude toward the experts that seems to stem more from crude anti-intellectualism, of the pitchfork-waving populist variety, than reasoned objection. In ideological complexion, Trump seems the least convincing spokesman imaginable for a rules-based order, and has thrown the talk of that into profound disarray. Evidently, however, Trump shares the consensus view that it is vital to maintain and extend U.S. military supremacy. He clearly wants to make the military-industrial complex a big part of his base.

At the core of the national security state are the armed forces of the United States, but it embraces as well many police and regulatory agencies. Included within it are an impressive array of foreign bases, its panoply of external sanctions, its global military commands, its vast spying and surveillance apparatus (estimated alone to cost \$75 billion a year).<sup>27</sup> Nick Turse describes a “geared-up, high-tech Complex” nothing like the “olive-drab” military-industrial complex of Eisenhower's day. What it is—“this new military-industrial-technological-entertainment-academic-scientific-media-intelligence-homeland-security-surveillance-national-security-corporate complex”—defies normal description. Turse just calls it “the complex” but emphasizes the dependencies cultivated by the national security state in the broader economy and culture.<sup>28</sup> Stretching beyond the military et al. complex are the prison-industrial complex, the Homeland

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<sup>27</sup> \$75 billion was the estimated cost of 15 US intelligence agencies in the 2012 budget, according to Steve Aftergood of the Federation of American Scientists. See Jeanne Sahadi, “What the NSA Costs Taxpayers,” *CNNMoney*, June 7, 2013.

<sup>28</sup> Nick Turse, *The Complex: How the Military Invades Our Everyday Lives* (New York: Metropolitan Books, 2008).

Security complex, the multi-faceted array of U.S. institutions dedicated to the proposition that coercive powers to destroy or incapacitate are indispensable remedies for the maladies of the human condition.

The entrenchment of this vast special interest within the national government has many supports. The weapons contractors, the bases, the supporting network of corporations and unions, the role of money in political campaigns, public propaganda touting the apparatus as a global force for good—all this adds up to a formidable domestic interest. These well-organized interests devote keen attention to the issues and make financial support conditional on political compliance. They have attached to them the interests of foreign allies and their domestic sympathizers, who often care very deeply about the issues at stake.<sup>29</sup> The military-industrial complex has been far-sighted and judicious in distributing dependencies in all fifty states and nearly every congressional district, generating a politically potent multiplier effect.<sup>30</sup> In such a situation, neither major party can or will speak against it. Even representatives in Congress skeptical of the national security complex enthusiastically support spending in their own states and districts, because it might make the difference between victory and defeat in the next election.<sup>31</sup> What Robert Dahl once called “the intensity problem” is seen brightly in this example: a distinct minority that feels passionately about its cause is going to carry a lot more whack than a larger but less passionate group.<sup>32</sup>

Of all the institutions of American government and society, the military stands tallest with the public. While Congress subsists like a mud-crawler in the nether regions of public sentiment, registering only 8 to 10 percent approval, the military soars like an eagle into regions of widespread adulation. It is not only the public opinion polls showing approval ratings in the seventies, but also the ubiquitous rhetoric—from politicians and sports-casters—seeing the military as a generation of heroes on which America’s

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<sup>29</sup> Tony Smith, *Foreign Attachments: The Power of Ethnic Groups in the Making of American Foreign Policy* (Cambridge, MA: Harvard University Press, 2000); John J. Mearsheimer and Stephen M. Walt, *The Israel Lobby and U.S. Foreign Policy* (New York: Macmillan, 2007).

<sup>30</sup> On these calculations, see Rebecca U. Thorpe, *The American Warfare State: The Domestic Politics of Military Spending* (Chicago: University of Chicago Press, 2014), and William D. Hartung, *Prophets of War: Lockheed Martin and the Making of the Military-Industrial Complex* (New York: Nation Books, 2010).

<sup>31</sup> That America’s most honest politician—Bernie Sanders—should be a shill for the F-35, tells the dispassionate observer all she needs to know on that score.

<sup>32</sup> Robert A. Dahl, *A Preface to Democratic Theory* (Chicago: University of Chicago Press, 2006).

security, prosperity, and liberty depends. Anyone who challenges this interest is likely to be denounced as unpatriotic and anti-American.

That so many Americans should glorify the military, while standing in contempt of Congress, is a depressing commentary on the state of American political institutions. The system of checks and balances, once so simply and beautifully arrayed, works to frustrate prompt and effective legislative action, making the United States a vetocracy. Bipartisanship in legislation has shriveled, so that each party, when it does command a slender majority, has a huge challenge in marshalling unanimity within its ranks. Hallowed congressional procedures, like the scheduling of hearings on important bills (e.g., health care in 2017), have been abandoned, and the sense of Congress as a deliberative body has been greatly attenuated by hyper partisanship. Money plays an enormous role in elections, creating the suspicion that every politician is, at some level, on the take.

This anti-establishment sentiment played a vital role in the 2016 elections; one of Trump's basic sources of appeal for his supporters was that he was too rich to be beholden to all the special interests.<sup>33</sup> But anti-establishment appeals are not wanting on the Democratic side as well, as Sanders' insurgent candidacy showed. Large swathes of the country, among party partisans and independents, believe that the system no longer works for them. Capitalizing on such discontent to win elections, however, is much different from mobilizing it as part of a governing program; the sheer inertial quality of U.S. political institutions makes a stout barrier to fundamental transformation.

## Partisanship and Foreign Policy

Trump's appeal to raw, savage populism and racialism is just one aspect of a larger clash of identities in the United States. His commanding support among white men (63 percent for Trump, 31 percent for Clinton) is notable.<sup>34</sup> Many Trump supporters are aggrieved not so much with Amer-

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<sup>33</sup> Jane Mayer, "The Reclusive Hedge-Fund Tycoon Behind the Trump Presidency," *New Yorker*, March 27, 2017, on Trump's exploitation of anti-establishment sentiment. For a grim survey of the institutional dysfunction, see Thomas E. Mann and Norman J. Ornstein, *It's Even Worse Than It Was* (New York: Basic Books, 2016 [2012]). On the vetocracy, recalling older diatribes against the Polish Diet, see Francis Fukuyama, "American Political Decay or Renewal?" *Foreign Affairs*, July/August 2016.

<sup>34</sup> Emma Fidel, "White People Elected Donald Trump," *Vice News*, November 9, 2016, citing Edison Research.

ica's world position as with radical feminism, racial preferences, cultural marginalization as "deplorables," and college campus Red Guardism, always featured on right-wing sites like Breitbart and Fox News, and revulsion to which played an important role in the culture wars preceding the election. Overall, these angry white men hated Clinton more than they loved Trump, with foreign policy not an especially important driving force in their opposition (They were teed off about it, of course, but didn't have a common diagnosis.) The cultural divide, centered on identity politics and ethnic cleavage, intersects with the nationalist/globalist divide in various ways, but they are not the same thing. Whether they will become so, as Michael Lind has forecasted, is a vital question for the future.<sup>35</sup> The convergence between new left and old right in opposition to military intervention, commanding at least half of public sentiment, is severely diluted because of profound ideological differences in the culture wars. They are of like mind, but cannot unite.

Polarization, in public opinion and in the parties, evokes the maniacal passions of the 1790s, the 1850s, and early 1940s, all dreary parallels in American politics that suggest big change is afoot. For the first time in surveys done since 1992, according to Pew, "majorities in both parties express not just unfavorable but *very* unfavorable views of the other party."<sup>36</sup> These visceral splits and irrepressible conflicts suggest deadlock and frustration on a host of legislative fronts, but they need not interfere with cooperation on foreign policy, as the overwhelming congressional support for sanctions on Russia, Iran, North Korea, and Germany shows. Actions greatly consequential to other nations may be deeply affected by the absence of bipartisanship in legislation, as deadlock can yield a government shutdown or other forms of paralysis, but on the big questions of foreign policy—maintaining a superior military, reaffirming U.S. alliances, having hostile relations with Russia, Iran, North Korea, and China—there is substantial bipartisan consensus in Washington.

In assessing public opinion on foreign policy, it must always be borne in mind that domestic concerns are usually of far greater moment in determining votes than foreign policy (even as many issues, like climate change, trade, and immigration, are intermestic in character). Intensity of belief,

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<sup>35</sup> Michael Lind, "This is What the Future of American Politics Looks Like," *Politico*, May 22, 2016.

<sup>36</sup> Carroll Doherty and Jocelyn Kiley, "Key Facts about Partisanship and Political Animosity in America," Pew Research Center, June 22, 2016.

of course, also matters greatly. In its domestic culture war, America seems to have resolved itself into its racial and gendered identities, the appeal to who we are not becoming primary and casting common purpose and even material interest into the shade. This division into the multicultural left and the nativist right (with an ample middle detesting both extremes) pits the urban centers and university towns, without regard to geographic section, against everybody else. The widespread discontent against the establishment would seem an auspicious condition for the emergence of third parties, but such dissident forces seem barred from providing a hopeful answer: their invariable record in American electoral politics is to give an even greater predominance to their mortal enemies.<sup>37</sup>

Trump's job approval rating fell to 34 percent, a new low, in August 2017, suggesting electoral vulnerability, but he must be defeated by someone in particular.<sup>38</sup> This someone, like Clinton in 2016, may garner high unfavorability ratings as well. The Democrats' problem is that they have to moderate their views on the cultural issues if they are to regain their support among the white working class; it is not clear that they can bring themselves to do that. The Republicans' problem is that their legislative agenda injures the same white working-class voters who put Trump over the top; but they can't stop themselves either. Neither the Rainbow Coalition, the Democrats' motley collection of rights- and grievance-bearing minorities, nor the donor class, in whose trough the Republicans have long fed, are especially appealing to that elusive middle, often inattentive, that decides elections. Neither party can expand its ranks without risking the secession of its parts. The future, it would seem, belongs to the party that can most successfully hide the traits that swing voters find obnoxious.

## Empire of Tribute

Inherently unclear are the implications of America's new nationalism for U.S.-Europe relations. Trump is offensive to European leaders, who have to swallow hard to feign a commonality of purpose. Europe's political center lies firmly in Obama territory; there are many things in Trump's

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<sup>37</sup> In 1844, the abolitionists served to elect James K. Polk; in 1912, Theodore Roosevelt got Woodrow Wilson the presidency; in 2000, Ralph Nader provided the margin of victory to George Bush; in 2016, Jill Stein's candidacy garnered more votes than the winning margin between Trump and Clinton in several electorally crucial states. The third-party record is not auspicious, even if, especially if, one is attracted to third parties.

<sup>38</sup> "Trump Job Approval Now at 34%, New Low," Gallup News, August 14, 2017.



style and governing program that are deeply estranging to European opinion. European leaders typically have a vision of an America that plays a constructive role in the world, and they still really want that, but they are also capable of disappointment and frustration, perhaps lasting estrangement. The view arguing for long term stability in the alliance relationship is that Trump will pass; he is an accident. Be that as it may, convulsions in the relationship between the United States and Europe are likely in the interim.

Perennial complaints over burden-sharing have fueled much of the U.S. public's discontent with America's world position, though it is seldom noted in the U.S. debate that the most important reason for this disparity over the last fifteen years has been America's excess, and not Europe's defect. Trump brought the burden-sharing complaint to the center of his campaign as few presidential contenders had done in the post-World War II period. Sharply breaking from the security consensus, Trump insisted that America had gotten a rotten deal from its alliances, giving much while getting little in return. He intimated that he would make protection conditional on further allied contributions. Among America Firsters, an expression Trump endorsed, the traditional response to unequal burden-sharing was to propose a withdrawal from America's alliances, but Trump's resolution was very different. Notably, he proposed a massive new investment in U.S. armed forces, though such a build-up could only be justified as a way of shoring up America's global military position, hence the protection of the very allies he excoriated as deadbeats.

What Trump most seemed to want was not the abandonment of the alliances but their explicit reformulation as relationships of avowed U.S. protection to be repaid in tangible benefits—the geopolitical version of the protection racket. The view of America's allies as deadbeats is a long-standing viewpoint for Trump, held since the 1980s, when he began taking out newspaper ads alleging that America always got the short end of the stick from its alliance relationships. Germany, South Korea, and Saudi Arabia were especially singled out as chiselers-in-chief in Trump's first months as president. Everybody has taken advantage of America; its leadership stupidly sold it down the river. Everything, therefore, must be re-negotiated, the result of which is that America's allies pay their dues.

This view, however, is not shared by Trump's principal national security appointees, nor by the larger national security elite in government, media, and think tanks. Such payments, it is true, are not entirely unprecedented: something like this did happen in the aftermath of the Gulf War against

Iraq in 1991. Moreover, it's not too different in spirit from the widespread congressional view that the United States can legislate for the world, because the world has a dollar-based financial system. Trump's version of the empire of tribute is just a more uncouth version of a tendency that is more mainstream than the mainstream wishes to acknowledge.

Trump's attitude toward alliances is profoundly objectionable to the foreign policy establishment, but it doesn't really respond to popular disaffection either. Public opinion of a populist or nationalist tenor wants to withdraw from certain controversies and commitments, not dominate the scene and put America in charge of fully-paid-up sycophants. The old Jacksonian faith was that you fought for honor or safety, but never for cash, out of patriotic devotion, not mercenary gain. Weirdly, Trump's view seems contrary to both the court and the country—offensive to the establishment vision of America's world role, but alien to the inward-looking (and honor-seeking) ethos of the people. His view is also utterly different from the isolationists and America Firsters of yore, none of whom wanted an empire of tribute.

Trump's desire to extract rents in exchange for protection may jangle nerves and create exasperation among allies, but it is difficult to see how it can possibly make serious headway. For one thing, the threat of withdrawal arouses ferocious opposition within the U.S. national security establishment, Trump's appointees included. Nor are Europeans likely to respond well to such treatment. Trump seems to believe that you conduct diplomacy by pushing people around and getting under their skin, moving back and forth between the insulting and the oleaginous. This is not how it works. To proceed against the allies as deadbeats will upset their public opinion and will launch in Europe and Asia numerous and protracted inquiries into the quality of the protection America offers. Just as Americans once queried "the price of the union," so would allied opinion, if faced with such demands, query the price of the alliance. Demands for subordination from hegemonic leaders have more than once in the past produced movements for independence; such an outcome cannot be excluded here. The assumption that Europeans or East Asians have no alternative to U.S. protection is widely held, but mistaken. They have a limit, and they have an alternative.

## Militarism Returns

The strength of America's new nationalism, and the reaction it engenders at home and abroad, is inextricably tied to the fate of the Trump presidency. Trump's erraticism and unfitness, however, make prediction especially hazardous. That he reached the presidency at all continues as a source of amazement. The whole of the commentariat was *shocked* that Trump's notorious gaffes and transgressive conduct did not sink him in the election. Equally surprising was the support Trump found in his first year as president among the Republican base, which has thus far remained steadfast in their enthusiasm. Republican elected officials, much to their displeasure, have been forced into public support for a president they secretly detest and fear. This does not augur well for the president's legislative agenda (not a great loss, as the Republicans may be imperiled as much by the success, as the failure, of their domestic program).

In foreign policy, Trump has deranged the extant moral order within the U.S. alliance system, but has offered no coherent replacement. Rather than isolationism, he has displayed a militant nationalism that augurs wider war. Trump's menacing language toward North Korea and Iran, the two most glaring examples, point in this direction, as does the president's infatuation with all things military. It is likely that Trump wants the accolades that may accompany war and believes that war can be made to yield political advantage, for a sufficiently good time. Whether the shadow regency of generals Mattis (Secretary of Defense), McMaster (National Security Adviser), and Kelly (White House Chief of Staff) can control him is the question of the hour, the source of much earnest speculation and existential dread.<sup>39</sup>

The regency was an institution of European monarchy for the infancy and insanity of kings; it is a strange sort of historical comeuppance that the world's oldest constitutional republic has gotten the outline of a military regency, now to fulfill the role that the Constitution vested in the Congress, but of uncertain strength and purpose. It may be the most consequential domestic determinant of foreign policy that, by constitutional legerdemain and historical amnesia, and in pursuit of a liberal world order, the United States has come to vest the power of initiating war in one man.

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<sup>39</sup> Jonathan Martin and Mark Landler, "Bob Corker Says Trump's Recklessness Threatens 'World War III,'" *New York Times*, October 8, 2017.



## *Chapter 4*

# **Polarization in Europe: Public Opinion and EU Foreign Policy**

*Rosa Balfour*

### **Is the EU Facing a Populist Threat?**

The past few years have seen public opinion play an unprecedented role in shaping, constraining and conflicting politics at the level of the European Union (EU). Decades of permissive consensus, whereby the Euro-elite and national decision-makers jointly governed an expanding area of policy, have been threatened by the rise of Euroskeptical populist parties, probably to a point of no return: with the British vote to leave the EU in 2016, complacency over the irreversible path of integration—the notion of ever-closer union—came to an end.

This polarization of public opinion and its eruption into EU affairs manifested itself in three issues in particular. The most prominent was immigration, with the near collapse of intra-EU solidarity during the political crisis following the influx of refugees in 2015–2016. Second, the eurozone nearly broke up during years of muddling through the impact of the financial crisis. Third, the consensus on trade vacillated once new generation trade deals reached important turning points.

These cleavages are underscored by another horizontal and generalized trend: the loss of belief in the project of European integration and lack of trust in EU institutions.

To understand how public opinion may influence EU decision-making, one needs to look more closely at these two levels of analysis. Alongside growing anti-globalization sentiments, political parties—mostly, but not all, populist in nature—have mobilized against EU trade agreements, not necessarily because they are anti-trade, but because they do not believe the EU should be conducting them. In other words, understanding the influence of public opinion on decision-making on international issues in the European Union begins with understanding the relationship between domestic attitudes towards foreign policy *and* attitudes towards the EU.

In addition, polarization in much of Europe (unlike in the United States) is not noticeable among traditional political parties. Quite the contrary—mainstream political parties have arguably become too similar. By the time the Cold War ended, the traditional cleavage between capitalist and socialist-inspired parties that had dominated Europe’s post-World War Two decades lost out to broad acceptance of the inevitability of globalization and the possibility of a “third way.”<sup>1</sup> In recent years this broad convergence has penalized most mainstream parties electorally, with few exceptions. In Europe, protest voices against the mainstream have converged in several and quite diverse populist parties, mostly to the right of the political spectrum, embracing nativist and often xenophobe narratives, but also to the left, with widespread anti-globalization and/or anti-neoliberal sentiments.

However, it is not quite right to claim, as the dominant narrative has it, that Europe has been under a populist siege, which was ameliorated in 2017 by winning centrist and pro-European political leaders in Paris and Berlin. States are undergoing a transformation of representative democracy in which political parties, among others, are one ring of a complex chain. Technology, globalization, Europeanization, are altering traditional relationships between citizens and institutions, and citizens are losing confidence that their elected leaders can address their challenges and fears. Political parties no longer play the role of intermediaries between citizens and power. Not many citizens trust them: in nine EU countries surveyed by the Pew Research Center, only five of forty-two parties received a positive rating.<sup>2</sup>

How has populism been successful in generating the impression that mainstream politics have become the nail under its hammer? A full answer to this puzzle can only come from understanding a number of its jigsaw pieces, beginning with an examination of how established parties relate and respond to the sentiments that animate populism and the leaders who manipulate them. This will inform the degree to which public opinion is

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<sup>1</sup> Anthony Giddens’s *The Third Way. The Renewal of Social Democracy* (Cambridge: Polity Press, 1998), was inspirational to many center-left leaders who dominated European governments towards the end of the 1990s (during Bill Clinton’s Presidency in the United States). It accepted capitalism, albeit with a social face, and was optimistic about the benefits of globalization and open societies.

<sup>2</sup> Bruce Stokes, Richard Wike and Dorothy Manevich, “Post-Brexit, Europeans More Favorable Toward EU,” Pew Research Center, June 2017.

influencing choices that reach the level of the EU, or to what extent officials have used public opinion as a scapegoat for government stagnation.

After a brief overview of what the public opinion space in the EU may be, which is necessary due to the multi-national and the multi-level governance existing on the continent, this chapter delves into understanding public opinion cleavages in EU countries that are of relevance to foreign policy. I compare public opinion on specific issues with indicators of trust in the EU in general as a way to distinguish between a citizen's position on a certain issue and/or his/her preference as to whether that issue would best be addressed at the national or supranational level. I then look at how public opinion informs decision-making, by examining patterns of influence that have been evident in the EU during the past few crisis-driven years. Here too, the level of governance and influence is important, showing complex patterns between domestic and external policies that are not appropriately reflected in the rivers of ink recently written about populism. Finally, the chapter highlights some issues that may help to frame a better understanding of domestic determinants of foreign policy choices.

## **The Space for EU Public Opinion**

There is little consensus on whether public opinion influences foreign policy or whether governing elites are able to “manufacture consent.”<sup>3</sup> This is due to the historically low salience of foreign policy issues compared to domestic politics, relatively little knowledge of international issues, and the volatility of public opinion itself. Even when additional complexities, such as domestic institutional and policy-making structures, are included in the analysis, the evidence capturing the relationship between public opinion and foreign policy shows such different pictures, with variations across countries and issues, that a single interpretative framework is hard to define.<sup>4</sup>

The EU adds further complicating factors. With twenty-eight member states, there is no pan-EU public sphere. As shared public space for debate has never emerged in this multinational and multilingual community, despite policies attempting to create media and cultural spaces. Discussion

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<sup>3</sup> Noam Chomsky and Edward Herman, *Manufacturing Consent* (New York: Pantheon, 1988).

<sup>4</sup> Thomas Risse-Kappen, “Public Opinion, Domestic Structure, and Foreign Policy in Liberal Democracies,” *World Politics*, Vol. 43, No. 4, July 1991, pp. 479-512.

of EU-related topics occurs almost exclusively through a national lens, and policy issues are analyzed with respect to the national interest.

The EU also has a unique ambiguity in the sense that individual member state foreign policies include EU policies and attitudes to European integration, *and* that the Europeanization process makes European cooperation a domestic issue. The EU itself straddles the foreign-domestic divide. Stretching somewhat the academic concept of “Europeanization,”<sup>5</sup> the relationship between member states and the EU is a two-way process whereby states are influenced by policy preferences shaped in Brussels, but those policy preferences are themselves negotiated on the basis of national positions. This hybrid policy-making process between foreign and domestic policy can mean that patterns of accountability and interactions between national government and representative institutions, EU institutions, and public opinion are not always clear to citizens.

The influence public opinion may have on EU decision-making on international issues is even harder to capture. The EU’s decision-making system is part intergovernmental, part supranational; foreign and security policy remains an area in which member states retain great sovereign discretion, even when they cooperate among each other. National representatives (foreign ministers, but increasingly heads of state and government) are the main decision-makers, with other EU institutions and bodies contributing to shaping and executing. The European Parliament has a consultative role, but it can be influential thanks to its powers over the EU budget. Conversely, other policies which are controversial in public opinion are governed differently: trade policy is led by the Commission, and migration is a mixed competence, with member states retaining many powers and reluctant to share with EU diplomacy. The logic of diversity, which still governs EU foreign policy-making,<sup>6</sup> contrasts with consistent

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<sup>5</sup> “Europeanization” refers to how rules, norms, decisions, and generally ‘ways of doing things’ are shaped in the EU and incorporated into national decision-making processes. See Claudio M. Radaelli, “The Europeanization of Public Policy,” in Kevin Featherstone and Claudio M. Radaelli, eds., *The Politics of Europeanization* (Oxford: Oxford University Press, 2003), pp. 27-56, quote on p. 30). On how member states promote their interests in Brussels, see Tanja A. Börzel, “Member State Responses to Europeanization,” *Journal of Common Market Studies* 40:2 (2002), pp. 193-214.

<sup>6</sup> S. Hoffman, “Towards a Common Foreign and Security Policy?” *Journal of Common Market Studies*, Vol. 38, No. 2 (2000), pp. 189-198. Years later, German Chancellor Angela Merkel asserted that the biggest European challenge was to forge a more coherent foreign policy. See Esther King, “Angela Merkel: Europe needs coherent foreign policy,” *Politico*, September 10, 2017, <http://www.politico.eu/article/angela-merkel-europe-needs-coherent-foreign-policy>.



evidence that public opinion supports a greater European role in international affairs.

In light of these complex decision-making processes, the channels through which public opinion can be influential on international issues remain largely national. One question, therefore, is how national debates and trends affect key decision-makers who convene in Brussels. National contexts, cultures, and traditions of foreign policy shape collective foreign policy-making. The public salience of foreign and security policy thus needs to be filtered through national contexts.

There is limited available data on attitudes to foreign policy with pan-European reach that ask the same question across borders and over time. This makes it hard to profile European attitudes to specific EU-relevant issues. Eurobarometer has carried out polling across all EU member states since the 1970s, but has barely focused on international issues and, when it has done so, superficially. The European Social Survey across 36 European countries, the Pew Research Institute, *Transatlantic Trends* and other sources used in this chapter focus on differing selections of countries. This chapter focuses on domestic public opinion, how it affects national government preferences and how these, in turn, shape collective decisions at the EU level. The chapter does not address opinions of non-EU Europeans.

## **EU Views and Cleavages on Foreign Policy**

Until recently, EU foreign and security policy has received very limited attention in pan-European opinion polls. Eurobarometer's standard question was whether a stronger international role for the EU was agreeable—and the standard answer was affirmative by far. Now that more pertinent questions are being asked, the answers confirm that large majorities of Europeans do indeed support more EU-level foreign and security policy: 70 percent want it to protect the external border, 73 percent to promote democracy and peace in the world, 68 percent favour a EU-level security and defense policy, and 57 percent favor a EU-level foreign policy.<sup>7</sup>

This is corroborated by a growing support for EU global leadership (73 percent in 2014, 71 percent in 2013), with roughly half wanting their

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<sup>7</sup> European Parliament Research Service, *Two Years until the 2019 European elections*. Special Eurobarometer of the European Parliament (Brussels: April 2017).

country to take a more independent approach from the United States.<sup>8</sup> Indeed, even before the election of President Donald Trump, who continues to be unpopular in Europe, *Transatlantic Trends* mapped losses in favorability towards the United States.

EU Europeans are split, however, on whether Europeans should work together on global issues. 44 percent of those surveyed in 2014 wanted their country to work with China alone, whereas 42 percent preferred an EU approach. 41 percent preferred national approaches to the Middle East, versus 44 percent opting for EU-level policies.<sup>9</sup> On other policies where the EU has a longer history of cooperation there is a higher degree of convergence in public opinion. EU humanitarian aid enjoys very high approval rates and support for continued funding; EU development aid policy is also seen favorably.<sup>10</sup> NATO, too, is seen as essential in Europe (with the notable exception of Greece), but a majority sees it as dedicated to the territorial defense of Europe; there is little support for out-of-area operations. Indeed, military interventionism is one area where *Transatlantic Trends* noted a divergence between U.S. and European public opinion, with the latter far less inclined to military engagement.<sup>11</sup>

Widespread support for stronger EU global leadership does not collate with other polling findings, which indicate preferences for a return of competences from the EU and do not want further integration. Such support also stands in contrast with the policy preferences of EU member state governments, which remain committed to strong sovereignty on most foreign and security policy matters. Even if member states seem to be inching closer to each other in the wake of the Brexit vote and the change in the U.S. Administration, foreign and security policy remains one of the least integrated policy fields. The salience of international issues, however, has grown, with citizens worried about issues, such as immigration and terror-

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<sup>8</sup> German Marshall Fund of the United States, *Transatlantic Trends. Key Findings 2014*, and German Marshall Fund of the United States, *Transatlantic Trends. Key findings 2013*, both available at <http://trends.gmfus.org/>. *Transatlantic Trends 2013* investigates public opinion in 11 EU member states (France, Germany, Italy, the Netherlands, Poland, UK, Portugal, Slovakia, Spain, Romania, Sweden); the 2014 edition looked at 10 EU member states (France, Germany, Greece, Italy, the Netherlands, Poland, UK, Portugal, Spain, Sweden).

<sup>9</sup> *Transatlantic Trends* (2014), op. cit.

<sup>10</sup> European Commission Special Eurobarometer Report 455, "EU Citizen's views on development, cooperation and aid," Brussels, 2017), [https://ec.europa.eu/europeaid/special-eurobarometer-report-eu-citizens-views-development-cooperation-and-aid\\_en](https://ec.europa.eu/europeaid/special-eurobarometer-report-eu-citizens-views-development-cooperation-and-aid_en).

<sup>11</sup> *Transatlantic Trends* (2013), op. cit.

ism, that cut across domestic and foreign policy fields. Until 2014–2015, domestic concerns were consistently predominant.

How Europeans see key international issues, the type of global leadership needed to handle them, and the degree to which EU member states should cooperate with each other and with the United States are questions that merit being asked again since the election of Donald Trump and since a majority of EU member states agreed, in November 2017, to strengthen cooperation in defense.

Even if classic questions of transatlantic leadership on international issues have not (yet) been further examined in light of political changes, the rise of populist parties, many of which have adamant nationalist, anti-immigration, anti-globalization and anti-elite positions—or a combination of some of these views—has prodded deeper investigation into what Europeans believe on more cross-cutting issues. The findings, however, do not always give clear-cut answers. Immigration has clearly emerged as a divisive issue in Europe. Its salience increased dramatically to become the top pre-occupation of EU citizens during the past couple of years, ahead of terrorism and concerns about the economic situation.<sup>12</sup> 58 percent of those polled in 2016 viewed extra-EU immigration negatively; 34 percent held a positive view.<sup>13</sup>

What is striking is that, according to Eurobarometer polling, these figures overall did not peak during the refugee influx and have been stable since 2014, despite the important increase in its salience vis-à-vis other concerns. The European Social Survey also shows considerable continuity in attitudes towards migration which, if anything, have become slightly more positive since 2002.<sup>14</sup> A deeper analysis of attitudes and questions on migration also paints a far more nuanced picture than the commonly held belief that Europeans have turned against migration.<sup>15</sup>

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<sup>12</sup> European Commission, *Reflection Paper on the Future of European Defence*, COM(2017)315 (Brussels: June 7, 2107. Opinion poll evidence is drawn from Eurobarometer.

<sup>13</sup> European Parliament Research Service, *Major changes in European public opinion regarding the European Union* (Brussels: November, 2016).

<sup>14</sup> European Social Survey, “Attitudes towards Immigration and their Antecedents: Topline Results from Round 7 of the European Social Survey,” *ESS Topline Results Series*, Issue 7, November 2016.

<sup>15</sup> See the recently launched Observatory on Public Opinion on Migration, <http://www.migrationpolicycentre.eu/observatory-of-public-attitudes-to-migration>, which includes a wealth of public opinion data from Eurobarometer, European Social Surveys and IPSOS.

It is significant, however, that opinion varies considerably among the member states: in ten member states, between 70 and 86 percent of those polled held negative views of immigration, and in only four did over half of respondents hold a positive view.<sup>16</sup> Immigration is thus not just dividing some societies, it is a polarizing factor *among* EU member states, which are subject to quite diverse sets of domestic pressures. This has been one pathway towards collective EU policy in which the outcome has been restrictive.

Opinion polls show that globalization is also a polarizing factor in many societies, with 45 percent of EU citizens seeing it as a threat and 55 percent as an opportunity.<sup>17</sup> In this case the significant and enlightening divide is the gap between elite and public perceptions. Elites tend to be more liberal, more favorable to globalization, see that they have benefited from EU integration and are committed to both deepening (even if no common idea of the way forward emerges) and enlarging the EU. The broader public, on the other hand, tends to feel it has not benefited from the EU, and overall is far less liberal in its cultural and identity values, especially vis-à-vis immigration and religious diversity. 48 percent would like to see powers return to the member states. Polls have revealed rises in Islamophobia and anti-Semitism in several countries. The divide within the public between liberal and authoritarian views is deep, and is unconnected from other values related to economic and social status. For this reason, it is likely to persist.<sup>18</sup>

On both migration and globalization-related issues, the divide is not just between attitudes, but also between those who see the EU fit to govern these matters and those who want national governments to play a larger role. The demand for renationalization of powers is extremely strong, including in unexpected corners. Two thirds of Europeans want their governments to control migration and half want trade powers to return to

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<sup>16</sup> The countries most hostile to extra-European immigration are Slovakia, Latvia, Hungary, Estonia, Czech Republic, Malta, Bulgaria, Cyprus, Lithuania, Poland; the four countries with the most positive attitudes remains Sweden (despite being the country which took the largest per capita number of refugees), Luxembourg, Ireland and Spain. European Parliament Research Service, November 2016, op. cit.

<sup>17</sup> European Commission, *Reflection Paper on Harnessing Globalisation*, COM(2017) 240 final, Brussels, May 10, 2017. Sources referred to are Eurobarometer and Bertelsmann Stiftung (without further referencing).

<sup>18</sup> Thomas Raines, Matthew Goodwin and David Cutts, *The Future of Europe. Comparing Public and Elite Attitudes* (London: Chatham House, 2017). The opinion poll sources are the European Social Survey.

capitals. In export-driven, pro-European Germany, 60 percent is against the EU handling trade.<sup>19</sup>

A strong correlation between anti-EU sentiment and populist votes is usually assumed.<sup>20</sup> But skepticism towards Brussels runs deeper. It seems to be more about lack of trust in EU institutions and less about the coexistence of a national and European identity. Trust in the EU has been falling consistently since 2010, peaking in 2013, when 60 percent of those polled said they did not trust the EU. In 2016 a plurality of respondents indicated that they did not trust the EU (45 percent); only 35 percent placed trust in the EU.<sup>21</sup>

There are other divides as well. Younger people trust the EU more than older and less educated people. This stands in contrast to the widely held view that the older generation is more aware of the EU's achievements as a peace project.<sup>22</sup> Nonetheless, 70 percent of Europeans continue to feel there is more that unites them than divides them, with democratic values being the binding feature.<sup>23</sup>

After the British vote to leave the EU, opinion polls found new majorities in favor of remaining, which contradicted the theory that the Brexit domino was but the first to fall, with other member states to follow. Nonetheless, demands to hold referendums remain high.<sup>24</sup>

The low trust in the EU needs to be qualified: trust in national governments has also plummeted in recent years, in fact the decline has been more rapid than the fall in support for the EU. 2016 recorded the lowest levels of trust ever: only 27 percent of Europeans trusted their national government. Trust levels increased to reach a still meager 40 percent by spring 2017, compared to 47 percent trusting the EU.<sup>25</sup>

This data may seem to contradict polls indicating that there is a strong desire to renationalize EU powers. The discrepancy can be explained by important different perceptions among member states; a few countries still show high levels of trust in national institutions as well as in the EU. While questions asked are broken down into several components (e.g., trust in

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<sup>19</sup> Pew Research Center 2017, *op. cit.*

<sup>20</sup> CEPR 2017, *op. cit.*

<sup>21</sup> European Parliament Research Service 2016, *op. cit.*

<sup>22</sup> Raines, Goodwin and Cutts, *op. cit.*

<sup>23</sup> European Parliament Research Service 2016, *op. cit.*

<sup>24</sup> Pew Research Institute 2017, *op. cit.*

<sup>25</sup> European Parliament Research Service 2016, *op. cit.*

government, trust in individual institutions), overall some patterns can be discerned. Over 60 percent of respondents in the Netherlands, Sweden, Luxembourg, Finland, Germany and Austria trust their national governments. Respondents in Netherlands, Finland, and Luxembourg trust both their national governments and the EU (albeit to a lesser degree), while those in Sweden, Germany and Austria have clearer preferences for their governments. Some of those who trust their governments the least also do not trust the EU either (Greece, Slovenia, Spain, France). Only Maltese and Latvians trust the EU considerably more than their national government.<sup>26</sup>

### Patterns Influencing Public Opinion in the EU

The most serious challenge to the EU's standing, internally and internationally, came in 2015–2016, when debates erupted over Greek membership in the eurozone, major refugee inflows, EU approaches to several trade-related issues, and the British vote to leave the EU. At these moments of crises, national elites meeting at the EU level justified their decisions (or lack thereof) by referring to public opinion. European elites had until recently treated Euroskepticism as a sleeping dog. Now that it has been awakened, it has become a common reference as elites seek to address national and EU foreign policy challenges. How did this occur?

Correlation or causality between public opinion swings and changing policy preferences is still to be established, notwithstanding justifications employed by decision-makers. Patterns of influence on decision-making elites, especially on international issues, are not direct; they are filtered through political parties. The rise of populist parties has widely been identified as a threat to the establishment and an impediment to different policy and governance choices. Populism is “an ideology that considers society to be ultimately separated into two homogeneous and antagonistic groups—the ‘pure people’ versus the corrupt elite—and which argues that politics should be an expression of the *volonté générale* (general will) of the people.”<sup>27</sup> By definition, populism is exclusive; the “other” can variously be “the elite,” “foreigners,” “Eurocrats,” “the establishment,” or “immi-

<sup>26</sup> European Commission, Special Eurobarometer 461. Designing Europe's Future, Brussels: June, 2017, <http://ec.europa.eu/comfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/SPECIAL/surveyKy/2173>.

<sup>27</sup> Cas Mudde, “The populist *Zeitgeist*,” in *Government and Opposition*, Vol. 39, No. 4 (2004), pp. 542–563.

grants.” The populist view of democracy is majoritarian, illiberal, and anti-pluralist, which is a necessary corollary of representing “the people.”

International issues did not feature highly on the populist agenda until recently. It was through interdependence and European integration that the domestic-foreign nexus became far more intertwined. Populists have shown a remarkable skill in capturing the dissatisfaction of large sectors of the population, rather than demonstrating any particular interest in foreign policy. The rising salience of international issues—whether European integration, immigration, trade, or terrorism—has provided platforms upon which populists have seized their moment. In doing so, they entered a territory uncharted to the parties themselves, new to international politics, novel to traditional political parties and government representatives used to managing foreign policy with little scrutiny from the public, and also foreign to the community of scholars and observers, who have largely been unprepared to understand the arrival of such new actors in international affairs.

Ideologically, populism is thin and can transcend the left-right political spectrum, though right-wing populism poses the greatest challenges to the status quo in Europe and in the United States. The left-wing populist challenge to austerity and the governance of the eurozone, which came from new parties such as the Spain’s Podemos and Greece’s Syriza, never succeeded in changing the policies of either national governments or the EU, even when in government, as in the case of Greece. Right-wing populism, conversely, has been more successful in influencing government choices by allying with mainstream center-right parties, many of which have either taken on populist agendas or platforms or, in some cases, formed coalitions with them. Populist governments in Poland and Hungary, which until recently had concentrated their efforts on curtailing liberal democracy at home, have started to make choices that affect their foreign policy, mostly over migration issues and on supranational governance in Europe.

The key to unlocking the causality in the influence of populism on policy is to be found in the response governments and mainstream parties have devised to the populist challenge. In the recent past, when populist parties have been in coalition governments (Italy, Denmark, Belgium, Austria, Netherlands), they have a track record of influencing policy in limited areas of key concern, most of which have revolved around migration policy. But mainstream parties in government have also shifted towards the positions of populist parties. From the 2000s onwards, past coalitions

of the right and far right have been behind a more general overall shift to the right on immigration, law and order, austerity, and national security.

The shift could reflect changes in public opinion that influenced government policy, but it could equally reflect a preference by mainstream parties to use the existence of populist parties as a fig leaf to justify policy choices. Correlation is evident; causality is less clear. In other words, there are two possible pathways of influence between mainstream and populist views. Populists may react to a changing political context, putting the mainstream under pressure to take up their agenda, or they can act as enablers of decisions which, essentially, are a policy preference of the mainstream government.<sup>28</sup>

The successive European crises of 2015–2016 saw plenty of examples of political leaders from traditional party families mimicking populist style and rhetoric, and governments taking on populist agendas, especially during election campaign periods. In Slovakia, Social Democratic Prime Minister Robert Fico adopted a populist anti-immigration stance to ensure his re-election, and then formed a government with the far right. France's political mainstream right (Nicolas Sarkozy during the contest for presidential candidates within *Les Republicains* and then Francois Fillon, presidential candidate for the same party) made plenty of attempts adopt policy points from Marine Le Pen in their effort to compete with the *Front National*. In 2017 elections in the Netherlands and in Austria, the two majority center-right parties willingly embraced the right-wing positions of their populist challengers. In the Netherlands, a coalition agreement kept the Party for Freedom (PVV), led by Geert Wilders, one of the oldest populist parties in Europe, out of the government. In Austria, the conservatives of the People's Party invited the Austrian Freedom Party to start coalition talks.

Public opinion is often invoked to explain political choices, as if decision-makers were limited in their range of options because of public backlash. Yet that correlation is unproven. The EU-Turkey deal, sealed in spring 2016 following the mediation of two supposedly mainstream European governments (Germany and the Netherlands) with the aim to stem the flow of refugees fleeing Syria and Afghanistan via Turkey and Greece towards Europe, was justified on the grounds that it prevented the collapse of the German government and the EU, each of which had been shaken

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<sup>28</sup> The pathways of influence are based on Rosa Balfour, et al., *The Troublemakers. The Populist Challenge to Foreign Policy* (Brussels: European Policy Center, March 2016).



by negative public opinion regarding the inflows. While polls made it clear that immigration and terrorism were important preoccupations of European publics, it was less clear that the EU-Turkey deal resulted in any noticeable change in attitudes towards immigration. Rather than respond to public opinion pressure, EU decision-makers responded to the vociferous anti-immigration sentiment that had been instrumentalized successfully by some populist parties.

The deal, however, is of consequence to the EU's international policy. Relations between the EU and Turkey have rapidly deteriorated. The EU's leverage with the Turkish government has dwindled because it relies on Ankara to deliver on refugee cooperation, and the EU's image as a supporter of civil society in Turkey has been tarnished as dissent is forcefully repressed. Moreover, the EU is less able to pursue its foreign policy goals in and around Turkey and the Middle East. European development aid is gradually being redirected to contain migration flows and fight terrorism abroad, and decision-makers justify such activities by the need to address public opinion fears.

The spring 2016 consultative referendum held in the Netherlands on the EU's Deep and Comprehensive Free Trade Agreement with Ukraine, in which 61 percent voted against the deal, was sufficient to persuade the Dutch government and its EU partners to dilute the language offering Ukraine a prospect of getting closer to the EU, even though only 32 percent of Dutch citizens turned up to vote. Why? Because the largely symbolic referendum was held less for reasons related to Ukraine or to trade, and more for reasons related to skepticism about the EU. In this case, populist forces successfully manipulated a specific international issue to prove a point about Euroskepticism. Had there not been longstanding ambiguity in the EU as to whether Ukraine should be offered a prospect of joining the club, however, it is unlikely that the populist positions would have been successful. The repercussions for EU credibility were significant. Ukraine is far from being in a position to seek EU membership, but having been invaded by Russia, Kyiv is in constant need of reassurance. In this case, the Dutch and the EU only exacerbated Ukrainian insecurities.

In other trade-related cases, anti-globalization sentiments (which are embraced by some populist parties) were ignored by policy-makers. Anti-trade groups, from left and right, have been gaining ground, reflecting public opinion splits on the impact of trade and on globalization. Their critique has been shared beyond the fringes, and has included sectors of mainstream parties. In other words, the anti-globalization narrative is not

confined to populist parties. One challenge to the EU's role in dealing with trade came, for instance, from the Socialist Party in Wallonia (Belgium), which threatened to block the EU-Canada Comprehensive and Economic Trade Agreement (CETA).

This collection of opinion, however, has thus far only had a modest impact on actual policy decisions. In fact the EU is energetically seeking to strike a range of trade deals with even more countries around the world, especially since the EU and the Trump Administration agreed to put the Transatlantic Trade and Investment Partnership (TTIP) into the deep freeze. In short, in practice public opinion has had uneven influence on the EU's international policy agenda: when it comes to trade, decision-makers have shown a commitment to sticking to their course of action, whereas their varying approaches to migration issues have been far more reflective of their perceptions of the public mood.

The British referendum on whether to leave the EU would appear to be a clear instance in which public opinion shaped an epochal choice of tremendous consequence for the international standing of both the UK and the EU. At first glance, Brexit appeared to be caused by a mainstream party caving into a populist surge. But the anti-EU UK Independence Party (UKIP), with only one Member of Parliament, was only the trigger, not the reason, for the decision to hold the referendum. Had the Conservative and Labour parties not been deeply divided over EU membership, UKIP's demand would have fallen on deaf ears. The Brexit referendum underscores that the nature of mainstream party and government responses to populism can be decisive when it comes to influencing outcomes.

These cases underscore that perceptions of public opinion do not really have a direct influence on government choices. Outcomes seem rather to reflect far more mutual manipulation, among governments and populists (whether they be in coalition, in opposition, or outside parliament), of what public preferences actually mean for policy choices. If one wants to ascertain where both responsibility and accountability lies for particular political choices, one must better understand the relationship between government choices and populists' ability to amplify discontent. Public opinion, or projections of public moods, are also used as alibis for policy preferences that divert from a previously agreed path – for instance by using “domestic backlash” as justification for denying or limiting international protection to refugees or migrants.

Populist pressures have also led governments to choose to defend “There Is No Alternative” politics, in which they point to the existence of populist parties as a reason for voters to support the mainstream. On migration in particular, even the left has adopted positions that have been far more restrictive than its more liberal ideological grounding would suppose. The result has been a narrowing of the range of policy responses to such issues as the eurozone crisis or the migration influx, and a *de facto* strengthening of the preference towards policies of austerity and containment of numbers of refugees entering the EU.<sup>29</sup> In short, if the center advocates “There Is No Alternative” politics, it contributes to shrinking the space for critique and for devising alternative policies.

Public opinion has thus been variously used as a justification, an alibi or as an enabler of policy preferences. There are plenty of instances in which it was barely influential—the most notorious being the 2003 war in Iraq, which met the opposition of millions of mobilized Europeans. Now, EU institutions are using public opinion support for a strong EU global role to drum up commitment to strengthening EU action on foreign and security matters. National governments have continued to be lukewarm in responding to demands specifically on foreign and security policy. Conversely, on issues such as migration policy, political leaders frequently invoke public opinion as an explanation for the restrictive policy choices they have adopted, or for failure to implement decisions made, such as the relocation and resettlement of refugees. Whereas foreign and security policy remains elite-driven, migration policy, including the external dimension, has been influenced far more by public opinion. Growing contestation of globalization and trade is also showing signs of influencing some political parties and member states, but the concrete impact so far in Europe has been contained by Donald Trump’s kiss of death to the Transatlantic Trade and Investment Partnership.

## **Conclusions: Rethinking the Domestic-Foreign Policy Nexus**

Foreign policy issues have become more important to European public opinion over the past few years, as evidenced by polls. There is, however, a mismatch between such salience and European responses. This suggests that pathways of influence are far from linear, but also that our ability to interpret public moods is poor. As migration leapt up the hierarchy of

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<sup>29</sup> Balfour et. al 2016, op. cit.

public preoccupations, for instance, governments reacted by devising quick-fix, symbolic restrictive responses that would contain numbers of arrivals of refugees and immigrants. Yet a closer inspection of public opinion shows that there was not dramatic change in perceptions of immigration; negative sentiments existed before the 2015–2016 crisis that challenged European solidarity. Where data spoke more clearly was in the dissatisfaction with the ways in which the influx was handled, which led to stronger public demands for the renationalization of certain powers.

Conversely, whereas public opinion has consistently shown support for a greater European role in foreign and security, national governments have scarcely responded, preferring to avoid engaging in public debates about matters that continue to be viewed through the lens of national sovereignty. Since this is an under-explored area of Eurobarometer and other pan-European public opinion surveys, it is hard to generalize further. One factor that underscores most findings is that there is a correlation between nationalism, anti-immigration, anti-trade, anti-globalization and Euroskepticism. Interpreting how public opinion can influence European policies needs to begin with understanding the degree to which the public believes that a particular foreign policy issue should be addressed at EU-level or by member state governments.

Understanding the impact of public opinion in Europe also needs to take into account that the diverse constituencies within the EU have different demarcation lines, which do not overlap. Since member states play a dominant role in foreign policy, national divergences can lead to blocking minorities and political choices outside the prevailing consensus.

In the European context, the absence of a shared public space and the complexity of decision-making at the EU and national levels have not facilitated a more direct relationship between public opinion and European foreign policy making. In general, that fact that the EU is an elite-driven process means that European politicians have tended to ignore public opinion. Permissive consensus has dominated. In addition, politicians have manipulated the EU to their own ends by blaming Brussels for decisions actually taken collectively.

The warning signs about dwindling support for European integration were ignored: the wafer-thin approval in France of the 1992 Maastricht Treaty; the opt-outs negotiated by the UK and Denmark that were treated as national peculiarities; the failure of the Constitutional Treaty in the referendums held in the Netherlands and France in 2005; and the acrobatics

the ensuing Lisbon Treaty went through to accommodate Ireland. More recently, unfounded interpretations of public moods have been used to justify specific policy choices, which ultimately gave legitimacy to the demands of minorities, which have become vociferous with the rise of populism, especially of the right-wing variant.

Populism has exploited this context and the complacency of mainstream politics, it has not created them. Underlying public attitudes have shown signs of continuity rather than change; what has changed is a loss of trust in European and national institutions to address major public preoccupations. Those preoccupations, in turn, derive increasingly from the broader EU and international environment, and not just from domestic contexts. In addition, the younger generation does appear to be more open to the international and European arenas at a time when policy is becoming more restrictive on many counts—and thus not reflective of public opinion preferences.

The public opinion evidence surveyed here raises more questions than it solves. Apart from calling for greater investigation into public attitudes and values, one set of questions emerges related the nexus between domestic and foreign policy. Can a return to the permissive consensus be possible if the salience of international issues is reduced? Or is the nature of the foreign policy-domestic nexus such that public opinion will need to be taken into account far more than it has been so far in debates about international issues and foreign and security policy choices? Evidence and politics suggest that rethinking the European public space to better accommodate the demand for more public debate about international issues could provide solutions to the traps in which traditional politics has fallen during the crisis years of the EU. Along with Europeanizing foreign policy, elites should engage in democratizing it by promoting a more inclusive debate on Europe's international choices in the age of globalization.



*Section III*

**Changing Economic Fortunes for  
Europeans and Americans:  
Implications for Foreign Policy**





## *Chapter 5*

# **Changing Economic Fortunes for Americans: Implications for Foreign Policy**

*Edward Alden*

Since the inauguration of President Donald Trump in January 2017, his administration has called into question long-standing defense commitments to its alliance partners, values such as human rights and democracy promotion, and rules of global trade and commerce that were negotiated largely at the behest of the United States. On his third day in office, the new president announced that the United States would pull out of the Trans-Pacific Partnership (TPP), an ambitious trade deal a decade in the making that would have set new rules for commerce with Japan and ten Asia-Pacific nations. Over the next several months, he withdrew from the Paris climate accords, threatened to withdraw from the North American Free Trade Agreement (NAFTA) with Canada and Mexico, and demanded the renegotiation of a 2012 trade deal with South Korea that previous administrations had considered a model for the future.

The about-face was so striking that Canadian foreign minister Chrystia Freeland concluded in a June 2017 speech that “many of the voters in last year’s presidential election cast their ballots animated in part by a desire to shrug off the burden of world leadership. To say this is not controversial: it is simply a fact.” The United States, she said, “had come to question the very worth of its mantle of global leadership.”<sup>1</sup>

What happened? The November 2016 election clearly caught many Americans, and the world, off guard. While the United States has certainly faced economic struggles since its housing crisis triggered the Great Recession in 2008, by 2016 it had entered the third longest period of economic expansion since the end of World War II. Some 15 million jobs had been created since the end of the recession, and the unemployment rate had fallen below five percent. Housing prices were recovering, and American companies were hitting record levels of profitability. And yet voters handed

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<sup>1</sup> “Chrystia Freeland on Canada’s Foreign Policy: Full Speech,” *Macleans*, June 6, 2017, <http://www.macleans.ca/politics/ottawa/chrystia-freeland-on-canadas-foreign-policy-full-speech/>.

the election to Trump, who had run a dark campaign warning that the United States was facing an economic “carnage” from lost jobs and shuttered factories that required a sharp change in direction, especially in America’s trade and economic relations with the world.

Trump’s campaign succeeded in tapping into the economic insecurity and anxiety that lie just below the optimistic headline numbers in the United States. What many missed was that the rosy economic figures disguised a deep and growing economic divide. The top earners—those in the top 20 percent or so—have seen big gains for many years, with their wages and benefits doubling in real terms since the mid-1980s. But the remaining 80 percent have been treading water. Since 2000 in particular, the economic circumstances of many Americans have been stagnant or slipping. While the official unemployment rate is near historical lows, the percentage of working-age adults in the labor force fell by nearly 5 percentage points from 2000–2016, from 67.3 percent to 62.7 percent, a huge decline.<sup>2</sup> And nearly half of all the jobs created coming out of the recession paid near minimum wage, in sectors such as retail sales, food services, and home health care. Median earnings in the United States have been flat since 2000, and have shown little growth for decades; since 1979, the median weekly earnings of full-time workers have risen by just 5 percent adjusted for inflation.<sup>3</sup> Economic mobility has also faltered. As former Federal Reserve chairman Ben Bernanke put it in a recent speech: “One of the pillars of America’s self-image is the idea of the American Dream, that anyone can rise to the top based on determination and hard work.”<sup>4</sup> That idea now seems part of America’s past. For children born in the 1940s, some 90 percent would go on to earn more as adults than their parents had. For those born in the 1980s, however, only half achieved similar success.<sup>5</sup>

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<sup>2</sup> Bureau of Labor Statistics, “Labor force participation: what has happened since the peak?” *Monthly Labor Review*, September, 2016, <https://www.bls.gov/opub/mlr/2016/article/labor-force-participation-what-has-happened-since-the-peak.htm>.

<sup>3</sup> Federal Reserve Bank of St. Louis, “Employed full time: Median usual weekly real earnings: Wage and salary workers: 16 years and over,” 1979–2016, at <https://fred.stlouisfed.org/series/LEU0252881600A>.

<sup>4</sup> Ben S. Bernanke, “When Growth is Not Enough,” Remarks prepared for delivery on June 26, 2017, at the European Central Bank Forum on Central Banking at Sintra, June 26, 2017, [https://www.brookings.edu/wp-content/uploads/2017/06/es\\_20170626\\_when-growthisnotenough.pdf](https://www.brookings.edu/wp-content/uploads/2017/06/es_20170626_when-growthisnotenough.pdf).

<sup>5</sup> Raj Chetty et. al, “The Fading American Dream: Trends in Absolute Income Mobility Since 1940,” NBER Working Paper 22910 (December, 2016), <http://www.nber.org/papers/w22910>.

In his successful election run, Trump channeled that economic anxiety into a larger critique of America's position in the world. The short version: Americans were suffering because they were too generous to the rest of the world, taking in immigrants and defending allies, and because the country's political elite had negotiated a series of flawed international deals that had harmed the U.S. economy and ordinary American workers. In his most detailed campaign speech, given in June of 2016 in the once thriving steel town of Monessen, Pennsylvania, Trump charged that the steel and other factory jobs had been lost because "our politicians have aggressively pursued a policy of globalization—moving our jobs, our wealth, our factories to Mexico and overseas." That policy, he argued, had made the country's financial elite wealthy "but it has left millions of workers with nothing but poverty and heartache." In the speech, he promised that through tougher trade policies and a new "America first" approach that put the country's national interests above its global responsibilities, "we can turn it all around, and we can turn it around fast."<sup>6</sup>

Whether the mercurial Trump proves to be a one-term president or not, the Trump presidency marks the biggest turning point in America's foreign policy, especially its international economic policy, since President Franklin Roosevelt signed the Reciprocal Trade Agreements Act of 1934, which renounced protectionism and set the United States on a course for deeper economic engagement with the world. The change in direction is being driven by the country's domestic economic circumstances, and in particular the growing frustration of American voters with an economy that seems to work well for too few. That was the fuel behind not only Trump's campaign, but that of Vermont independent Bernie Sanders, who very nearly snatched the Democratic nomination away from the more orthodox Hillary Clinton.<sup>7</sup> While the United States is unlikely to embrace the full-throated version of Trump's economic nationalism, the country has now moved into an era in which it will pursue a more narrowly self-interested foreign policy than it has for the past three quarters of a century. For many decades, the United States has generally favored policies that were designed both to strengthen the economies of allies and to ensure their security, believing these would support U.S. interests. In the future, U.S. relations with even its closest allies are likely to be more transactional,

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<sup>6</sup> "Full Transcript: Donald Trump's Jobs Plan Speech," *Politico*, June 28, 2016, <https://www.politico.com/story/2016/06/full-transcript-trump-job-plan-speech-224891>.

<sup>7</sup> See Edward Alden and Rebecca Strauss, "Is America Great? How the United States Stacks Up," *Foreign Affairs*, February 1, 2016.

based on shorter term concerns over relative gains than on longer term convictions of mutual self-interest.

The consequences of this shift will depend not just on how aggressively the United States pursues this new path, but also on how America's allies and largest trading partners—especially Europe, China, Canada and Mexico—respond. If other countries are able to assume a bigger role in safeguarding and expanding trade rules, in pursuing more balanced trading relationships and in sharing the security burden, then this more narrowly self-interested U.S. foreign policy can likely be accommodated with minimal disruption. But if these countries respond—either from conviction or in the face of their own domestic political pressures—by similarly asserting their own narrow national interests more forcefully, then the result is likely to be far more disruptive.

### **Foreign Policy Begins at Home**

It is not much of an exaggeration to say that America's foreign policy is made by its largest and most prosperous cities—Washington and New York, of course, but also the technology powerhouses of San Francisco, Boston and Seattle, global trading cities like Los Angeles, Miami and Atlanta, and energy hubs like Houston and Dallas. The elites of the government and corporate worlds live in those cities, and their experiences have shaped the American approach to the world.

From the perspective of those cities, it was hard to see anything terribly wrong with America's position in 2016. While there are fierce debates among economists over the impacts of globalization on the United States and other advanced economies, the growth of a truly global economy has been a blessing to most of America's bigger cities. At the end of 2016, all of the world's ten largest public companies by market capitalization were based in the United States—three (Apple, Alphabet and Wells Fargo) are headquartered in the San Francisco Bay area, two (Microsoft and Amazon) in Seattle, one (General Electric) in Boston, one (J.P. Morgan Chase) in New York, and other three scattered around the country.<sup>8</sup> The global economy has been a boon for the world's best companies, and a disproportionate number of them are located in America's top cities.

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<sup>8</sup> "List of public corporations by market capitalization," Wikipedia, [https://en.wikipedia.org/wiki/List\\_of\\_public\\_corporations\\_by\\_market\\_capitalization#2016](https://en.wikipedia.org/wiki/List_of_public_corporations_by_market_capitalization#2016).

The country's wealth has also concentrated in those cities. Charles Murray, the American Enterprise Institute scholar, coined the term "super zips" to describe those neighborhoods in the United States where income, wealth and educational achievement far outstrip the norm in the country. A 2013 *Washington Post* analysis identified 650 of these Super Zips where both income and educational achievement were in the top five percentile for the country. Almost all of them are in the major urban areas. The cities with the largest clusters of these wealthy neighborhoods are Washington, D.C., Manhattan, Boston and the San Francisco Bay area.<sup>9</sup>

It is no wonder, then, that America's policy elite missed the popular discontent that put Trump in the White House. Perhaps the most striking statistic in an election filled with them is that Donald Trump won nearly 2,600 counties across the country, compared to fewer than 500 for Hillary Clinton. But Clinton's counties—mostly in the larger cities—contributed two-thirds of all U.S. economic output.<sup>10</sup> Never before has a president been elected who represents such a small share of the nation's economic base. While many are rural counties that had long leaned Republican, the peculiarities of the Electoral College and the distribution of independent voters meant that the election was decided in the most manufacturing dependent states in the country, the ones that had been hit hardest by a combination of increased trade competition, especially from China, and increased automation.

The United States lost more than one-third of its manufacturing jobs in the 2000s, nearly 6 million jobs. Many of these had been unionized positions that paid high wages and benefits to employees with no more than a high school education. In terms of the percentage of manufacturing jobs lost, North Carolina was the hardest hit state in the country, and Michigan, Pennsylvania and Ohio were not far behind. Add in Wisconsin, which was also in the top 10 in manufacturing jobs lost in the 2000s, and those were the states that delivered the election to Trump.<sup>11</sup>

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<sup>9</sup> Ted Mellnik, Carol Morello, "Washington: A World Apart," *Washington Post*, November 9, 2013, <http://www.washingtonpost.com/sf/local/2013/11/09/washington-a-world-apart>.

<sup>10</sup> Mark Muro and Sifan Liu, "Another Clinton-Trump divide: High-output America vs. low-output America," Brookings Institution, November 29, 2016.

<sup>11</sup> Robert E. Scott, "The Manufacturing Footprint and the Importance of U.S. Manufacturing Jobs," Economic Policy Institute Briefing Paper #388, January 22, 2015, <http://www.epi.org/publication/the-manufacturing-footprint-and-the-importance-of-u-s-manufacturing-jobs/>.

A central premise of U.S. foreign policy since World War II has been that America's successes abroad would be accompanied by rising living standards at home. That claim was most explicit in the selling of free trade agreements with other nations. President Bill Clinton, for example, called the agreement that brought China into the World Trade Organization (WTO) in 2001 "a hundred to nothing deal for America in terms of the economic consequences," because China would have to remove many trade barriers while the United States would only have to agree not to impose new ones. It was also implicit in America's alliances in Europe and Asia, in its military commitments overseas, in its relatively open and generous immigration policies, and in its economic aid to poorer countries. The basic bargain with Americans was the prosperity and stability abroad would help secure prosperity and stability at home.

That bargain lasted, though it was certainly strained, through to the end of the 20<sup>th</sup> century. While the United States has never regained the combination of surging productivity and rising wages that characterized the extraordinary period from 1945 to 1973, the economy continued to serve most Americans well most of the time. The recession of the late 1970s and early 1980s was followed by the boom years of the Reagan recovery, and the milder recession of the early 1990s was followed by the Clinton boom that saw unemployment fall below 4 percent and wages rise significantly across all income groups.

All that ended with the onset of what Nicholas Eberstadt has called "our miserable 21<sup>st</sup> century."<sup>12</sup> From 2000 to 2016, Eberstadt notes, per capita growth averaged below one percent a year, less than half of the 1948-2000 average of 2.3 percent. A shrinking percentage of Americans held jobs, and their working hours declined. Americans lost ground over the first 15 years of the decade in almost every measure of well-being— income, employment, and health, while more recently even life expectancy has begun to fall slightly. It is only in the past two years that U.S. incomes have finally started to recover; in 2016, the median household income rose 3.2 percent to just over \$59,000, following an even stronger 5.2 percent gain in 2015. Even more striking than the weak income growth numbers is the rise of economic insecurity, the growing number of American families that live uncomfortably close to the brink of financial ruin. The Federal Reserve reported in 2016 that in the previous year more than 30 percent

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<sup>12</sup> Nicholas E. Eberstadt, "Our Miserable 21<sup>st</sup> Century," *Commentary*, February 15, 2017. <https://www.commentarymagazine.com/articles/our-miserable-21st-century/>.

of Americans had said they were “struggling” economically or “just getting by.” A remarkable 46 percent said they would not be able cover an emergency expense of \$400 without borrowing money or selling something.<sup>13</sup>

There is still no consensus on why U.S. performance weakened so sharply after 2000. The groundbreaking work of economists David Autor, David Dorn and Gordon Hanson demonstrated that import competition was no small part of the picture.<sup>14</sup> The rise in imports from China after it joined the WTO in 2001 was responsible, they suggest, for about a third of the total job loss in manufacturing in the 2000s. But perhaps more importantly, the effects were concentrated in communities where one of two large manufacturing plants compromised most of the local economy. *Janesville*, Washington Post reporter Amy Goldstein’s book about what happened to Janesville, Wisconsin following the shuttering of the General Motors factory in House Speaker Paul Ryan’s home town in 2008, is a striking case study. GM paid its senior employees \$28 an hour plus generous benefits, and the nearby suppliers like Lear, which also closed shop, were not far behind. But the next best jobs in the town for those with similar education was a prison guard, which paid half as much and required more than a year of retraining.<sup>15</sup>

While more of the job losses in manufacturing are rightly attributed to technology, both of the big economic trends of the past several decades—the growing power and deployment of modern information technologies, and the spread of the global economy to encompass large developing countries like China and India—have rendered the position of the average worker in the advanced economies more precarious. Globalization has put not just manufacturing workers but an increasing number of service sector workers in the advanced economies directly in competition with counterparts in the developing countries earning a fraction of the wage. The seminal work by former World Bank economist Branko Milanovic and his colleague Christoph Lakner has shown that the big winners in the global economy from 1988 to 2008 were the very wealthy in all countries, and a much broader share of workers in the fastest-grow-

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<sup>13</sup> Federal Reserve, “Report on the Economic Well-Being of U.S. Households in 2016,” May 2017. <https://www.federalreserve.gov/publications/files/2016-report-economic-well-being-us-households-201705.pdf>.

<sup>14</sup> David H. Autor, David Dorn, Gordon H. Hanson, “The China Shock: Learning from Labor Market Adjustment to Large Changes in Trade,” NBER Working Paper 21906, January 2016, <http://www.nber.org/papers/w21906>.

<sup>15</sup> Amy Goldstein, *Janesville: An American Story* (New York: Simon & Schuster, 2017).

ing developing economies, especially China.<sup>16</sup> The poorest in Africa were largely locked out of the gains, but there was only one group that actually lost ground—those in roughly the 80<sup>th</sup> percentile of global wealth. These are the working and lower middle classes in the United States, Europe and other advanced economies. A significant percentage of voters in the advanced economies has come to see themselves, not unreasonably, as the losers from globalization.

Europe, of course, has experienced its own political fallout from these trends. The Brexit vote and the strength of anti-immigrant parties in France, Germany and Denmark were fueled in part by the same economic discontent that turned voters to the Trump in the U.S. swing states. While Brexit supporters may have rallied around the issue of controlling immigration, the strongest Leave votes were in the regions of the UK that were most exposed to rising import competition, especially from China.<sup>17</sup>

But America's policy failures were in some ways deeper than those in Europe. While most European nations have fairly robust protections for workers who lose their jobs, for whatever cause, the same is not true in the United States. Bernanke argued in his speech (and I make a similar case in my book *Failure to Adjust*) that one of the biggest mistakes in the United States has been the failure to develop a comprehensive set of policies to help workers and communities suffering from economic disruption to adapt. The need to "compensate the losers" from freer trade is standard wisdom among economists, and was advocated by some political leaders as far back as John F. Kennedy before he became president. But for a variety of reasons—including weak union representation, opposition from business, and the increasingly anti-government ideology of the Republican Party—the United States never developed effective measures to cushion its workers from labor market shocks. According to the OECD, the United States spends just 0.1 percent of its GDP on "active labor market polices" designed to assist workers in moving from one job to the next and retraining for new careers if necessary. The European average is five times as much, and some countries like France, Sweden and Denmark spend 10 times as much or more. Nor are the few programs in the United States that do

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<sup>16</sup> Branko Milanovic, *Global Inequality: A New Approach for the Age of Globalization* (Cambridge: Belknap Press, 2016).

<sup>17</sup> Italo Colantone and Piero Stanig, "Globalisation and Brexit: areas that voted to leave were most affected by the Chinese import shock," London School of Economics, <http://blogs.lse.ac.uk/brexit/2016/11/23/globalisation-and-brexit-areas-that-voted-to-leave-were-most-affected-by-the-chinese-import-shock/>.



support workers terribly effective. Trade Adjustment Assistance (TAA) provides relatively more generous income and retraining for American workers who can prove they lost their jobs to import competition or outsourcing, but it covers just a tiny fraction of the unemployed and has done little to help even those workers it serves find new jobs at similar pay levels.

The Autor/Dorn/Hanson research reached the striking conclusion that very few of the workers in the locations hit hardest by import competition in the 2000s had retrained for anything at all. Instead, nearly 10 percent of those losing jobs had ended up on Social Security Disability, a program that provides for lifetime pension payments and Medicaid coverage to those who can demonstrate to a doctor's satisfaction they are unable to return to work. Few if any of these workers will ever get another job. In the U.S. regions most exposed to Chinese import competition, the increase in per capita Social Security Disability payments was 30 times the cost of increased TAA spending. The problem is again, in part, geography. The jobs have been disappearing in the smaller cities and large towns in the American heartland, and the obstacles to moving to where the jobs are being created in the larger cities are immense—including educational requirements, high housing costs and the lack of any financial support for relocation (the TAA program, the most generous available, offers the miserly sum of \$1,500 for workers who want to move to find better job prospects). Americans used to be the most mobile people in the world, which helped to facilitate adjustment in the absence of significant government support for the unemployed. Today Americans move less than half as often each year as they did in the 1950s; the fall in mobility has been especially sharp in the 2000s, so that Americans now move at roughly the same rate as Europeans.<sup>18</sup>

That these disturbing trends might rebound onto America's foreign policy choices is not surprising. Richard Haass, in his 2013 book *Foreign Policy Begins at Home*, warned presciently that "the biggest threat to America's security and prosperity comes not from abroad but from within."<sup>19</sup> Haass's concerns in the book were more of the slow-burning variety—the

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<sup>18</sup> Fatih Karahan and Darius Lee, "What caused the decline in inter-state migration in the United States?" Liberty Street Economics, October 17, 2016, <http://libertystreeteconomics.newyorkfed.org/2016/10/what-caused-the-decline-in-interstate-migration-in-the-united-states.html>.

<sup>19</sup> Richard Haass, *Foreign Policy Begins at Home: The Case for Putting America's House in Order* (New York: Basic Books, 2013).

growing burden of federal debt, crumbling infrastructure, a highly unequal education system, and outdated immigration rules. These are problems that, left unaddressed, will continue to erode U.S. capacity and its ability to shape world events. But the turnaround was more sudden. With Trump's election, America's about-face to the world has been abrupt.

### **Trump and the New Nationalism: How Far Will It Go?**

Since taking office in January, 2017, President Trump has kept much of the world guessing about just how persistently and aggressively he will pursue a more nationalist foreign policy. There are certainly signs of a sharp break with the past.

Upon entering office, he pulled the United States out of the TPP with Pacific Rim nations, which he had called "another disaster done and pushed by special interests." The TPP was the centerpiece of the Obama administration's "pivot to Asia," and was intended to increase the pressure on China to resume free market reforms. Trump's decision has left the United States without an economic anchor in the region, and given China a much freer hand.

Trump reneged on U.S. commitments to reduce greenhouse gas emissions under Paris Climate agreement, calling it "simply the latest example of Washington entering into an agreement that disadvantages the United States to the exclusive benefit of other countries, leaving American workers—who I love—and taxpayers to absorb the cost in terms of lost jobs, lower wages, shuttered factories and vastly diminished economic production."<sup>20</sup>

Trump also came to the brink of withdrawing the United States from NAFTA, and then reluctantly agreed to an accelerated renegotiation schedule designed to produce a new agreement by early 2018. But the U.S. demands in the negotiations have been so extreme that both Mexico and Canada are developing plans for their economies if NAFTA were to disappear.

On immigration, Trump's signature campaign promise was to build a wall on the southern border with Mexico and force Mexico to pay for it.

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<sup>20</sup> "Statement by President Trump on the Paris Climate Accord," June 1, 2017, The White House, <https://www.whitehouse.gov/the-press-office/2017/06/01/statement-president-trump-paris-climate-accord>.

While the president toned down that rhetoric following a testy phone call with Mexican president Enrique Peña Nieto in late January, he has been using executive powers to close the United States to more immigrants. His anti-Mexico rhetoric has resulted in a surge in anti-American sentiment in Mexico. According to Pew, two-thirds of Mexicans now have a negative view of the United States, double the level of just two years ago.<sup>21</sup>

After several setbacks in the courts, Trump succeeded in temporarily banning all travel to the United States from six majority Muslim countries and reduced refugee admissions to 50,000 annually from the 110,000 admitted in the last year of the Obama administration. His administration has rewritten Obama-era guidelines that protected many unauthorized immigrants from deportation, and he ended the special protections enacted by Obama for young people brought illegally by their parents, the so-called Deferred Action for Childhood Arrivals (DACA) program.

In addition, in his first speech to the United Nations in September, 2017, Trump praised the virtues of national sovereignty, saying that “as president of the United States, I will always put America first.” While promising friendship to the world and its allies in particular, Trump said “we can no longer be taken advantage of, or enter into a one-sided deal where the United States gets nothing in return.”

On each of these issues, Trump has faced some resistance from within his own administration and the Republican Party. The modern GOP has been the party of business, and the strongest businesses in the country, U.S. multinational corporations, are global in perspective and favor open trade, investment and immigration policies. Corporate America has been especially vocal in pushing for the administration and Congress to find a solution that permits young DACA recipients to remain in the United States, and in demanding that Trump renegotiate NAFTA rather than tearing it up. Those voices are certainly represented in the administration, particularly in the Treasury Department. And leading Republicans in Congress, including House Speaker Paul Ryan, Ways & Means chairman Kevin Brady, and Senate Finance Committee chairman Orrin Hatch, are committed free traders. There are also strong Republican voices for maintaining the traditional U.S. role as the leader of the Western alliance, though the true champions like Senators John McCain and Lindsey Gra-

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<sup>21</sup> Margaret Vice and Hanyu Chwe, “Mexican Views of the U.S. Turn Sharply Negative,” Pew Research Center, September 14, 2016, <http://www.pewglobal.org/2017/09/14/mexican-views-of-the-u-s-turn-sharply-negative/>.

ham seem more and more an aging minority in the GOP. Republican governors, many from states dependent on agricultural exports to Mexico and other countries, will oppose any move to tear up trade agreements. That opposition from within his own party could moderate Trump's impulses.

But nationalism now has a much firmer hold in the Republican Party than at any time since the 1920s. Within the administration, the key economic Cabinet positions other than Treasury are held by committed economic nationalists—including Commerce Secretary Wilbur Ross and U.S. Trade Representative Robert Lighthizer. In the White House, Trump's top domestic policy advisor, Stephen Miller, is a longtime staffer for Attorney General Jeff Sessions, and believes that both trade with developing countries and immigration of low-skilled workers constitute unfair competition for American workers, and bear a great share of the blame for anemic wage growth.<sup>22</sup>

Trump advisor Steve Bannon, the chairman of the hyper-nationalist website Breitbart, has articulated the most extreme position. Shortly after leaving the White House in August of 2017 (whether he jumped or was pushed remains unclear), Bannon gave a remarkable speech to investment fund managers in Hong Kong in which he said that at the heart of Trump's platform were three issues: stopping illegal immigration and reducing legal migration; bringing back manufacturing jobs through protectionist trade policies; and ending "pointless foreign wars." He argued for a "Hamiltonian" economic policy built around new protective tariffs for manufacturers, massive infrastructure spending, reduced regulations and new lending for small business. But Bannon acknowledged the ongoing battle between the nationalists and the "globalists" in the Trump administration remains unresolved. "The most acrimonious, vitriolic debates in the White House have been over trade," he said.<sup>23</sup>

In the Congress, economic nationalism has a growing constituency among Republicans. House Republicans have been pushing a series of enforcement-only measures on immigration, and there is even growing support for restricting legal immigration. The RAISE Act, introduced by Republican Senators Tom Cotton and David Perdue—and immediately endorsed by the president—would cut legal immigration to the United

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<sup>22</sup> See the White House, "Press Briefing by Press Secretary Sarah Sanders and Senior Policy Advisor Stephen Miller, 8/2/2017," <https://www.whitehouse.gov/the-press-office/2017/08/02/press-briefing-press-secretary-sarah-sanders-and-senior-policy-advisor>.

<sup>23</sup> From notes taken by the author.

States in half. And while the Republican Party still appears to favor open trade, there are more dissenters than at any time since the 1950s. Trump has carried many party voters with him, and Republicans worried about a primary challenge will be reluctant to stand up in favor of trade agreements. Pew Research Center has long conducted polls asking Americans whether they believe trade is helping or hurting the United States. At the end of the Obama administration, 56 percent of Republican voters thought trade was a good thing; after a steady diet of Trump's rhetoric, that support has fallen to just 36 percent.<sup>24</sup>

Democrats are also not as much of an obstacle to protectionism as Europe, Canada and others might wish. While the party is fighting Trump's restrictions on immigration, the influence of the labor unions means that Democratic members of Congress have long been skeptical on trade. Just 28 House Democrats, for example, were willing to support President Obama's 2015 request for Trade Promotion Authority to conclude the TPP. The Democrats have tried to out-Trump Trump on the trade issue, releasing their "better deal for American workers," which among other things would empower the president to block foreign investment in the United States if it would lead to job reductions. Leading congressional Democrats have been hammering the president for not moving more quickly to block imports of steel and aluminum, two sectors in which the president has threatened to impose new tariffs on national security grounds. And the Sanders wing of the party, which will likely play a strong role in the 2018 mid-term and 2020 presidential elections, is highly suspicious of trade agreements. The idea that the United States has been a loser from trade has found fertile ground in both of the leading parties.

Finally, and perhaps most importantly over the next few years at least, Trump's own convictions are clear, and they are strongly nationalist. Since he first flirted with the idea of running for president in the mid-1980s, Donald Trump has had two foundational beliefs about America's place in the world: first, that the United States was spending far too much on its alliance commitments, on its military guarantees to Europe, to Japan and to Korea; and second, that those same allies were exploiting the United States in trade and commercial relationships. In 1986, then still a real

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<sup>24</sup> Bradley Jones, "Support for free trade agreements rebounds modestly, but wide partisan differences remain," Pew Research Center, April 25, 2017, <http://www.pewresearch.org/fact-tank/2017/04/25/support-for-free-trade-agreements-rebounds-modestly-but-wide-partisan-differences-remain/>.

estate developer with an emerging interest in politics, Trump paid for full-page ads in the *New York Times*, *Washington Post* and *Boston Globe*, in which he blasted Japan over its growing trade surplus with the United States, complaining about defending that island nation while “they have built a strong and vibrant economy with unprecedented surpluses.”<sup>25</sup>

Trump’s first serious flirtation with running for president came in 2000 when he briefly sought the nomination under the banner of Ross Perot’s Reform Party. Perot had run a serious third-party candidacy for the presidency in 1992 on a single issue—opposition to NAFTA—famously warning that the pact would result in a “giant sucking sound” of U.S. jobs moving south of the border. The 2000 nomination was captured by Patrick Buchanan, a former speechwriter for Richard Nixon, perhaps the country’s most ardent economic nationalist before Trump made it fashionable. If anything, Trump’s views on both trade and immigration seem to have hardened over time. In 2000, he pulled out of the Reform Party nomination battle after Buchanan entered the race and other extremists like former Klansman David Duke joined the party, saying this was “not company I wish to keep.”

While on some issues—including health care and tax reform—the president’s positions are of more recent vintage and seem mutable, his nationalist foreign policy views are far more entrenched. President Trump’s vision is of a United States that does far more to look after its own narrow economic interests, and far less to take care of the rest of world.

## How Will Other Nations Respond?

Political scientist Robert Keohane has argued that, in a globalized economy, one of the central struggles of international politics is over which countries will bear the heaviest adjustment costs. Economists have long understood that, while trade creates big mutual gains for the world as a whole, there will always be significant pockets of losers—companies or entire industries that find themselves unable to meet the new competition. And government policies—subsidies, export incentives, import restraints, regulatory restrictions that favor domestic suppliers—can all help to offload the adjustment costs on to other countries. Keohane argues that “The politics of foreign economic policy center around the question of

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<sup>25</sup> Michael Kruse, “The True Story of Donald Trump’s First Campaign Speech—in 1987,” *Politico*, February 5, 2016.

which states will bear the major costs of adjustment to change.... Each state seeks to impose unwanted costs on others rather than inflicting them on its own citizens.”<sup>26</sup>

Trump’s approach to the world is to offload more of the adjustment costs on to other countries. Indeed, he appears to admire countries that have done so successfully, saying during his November visit to China that on trade “I don’t blame China. Who can blame a country for being able to take advantage of another country for benefit if their citizens? I give China great credit.” His focus on shrinking U.S. trade deficits, backpedaling on climate commitments, and demanding that allies spend more on their own defense are all means for trying to force other countries to bear more of the costs for maintaining a stable global order. U.S. Trade Representative Robert Lighthizer has been quite pointed in saying that the administration’s goal in renegotiating trade agreements is to “rebalance” them in favor of the United States; in the NAFTA talks, he argues that Mexico and Canada must agree to relinquish their “unfair advantage.”<sup>27</sup>

In more adept hands, the world might well applaud a certain degree of U.S. retrenchment. The growing challenges at home for the United States—including a large and persistent federal budget deficit, education and workforce challenges, crumbling infrastructure, and the costs of caring for an aging population—would logically have forced some moves in this direction whoever won the White House in 2016. Indeed, much of Barack Obama’s foreign policy, including the withdrawal of U.S. troops from Iraq, the shrinking presence in Afghanistan and the refusal to intervene militarily in Syria, were similarly designed to reduce U.S. international commitments and free up resources for priorities at home. Nor was Obama averse to driving a harder bargain on trade deals. When he won the White House in 2008 as a critic of NAFTA, he immediately demanded changes to the three trade agreements negotiated but left unratified during the George W. Bush administration, with Korea, Panama and Colombia. There are many—including the author—who would agree with Trump that China and some other countries have taken advantage of U.S. economic openness to build economies that are far too dependent on exports,

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<sup>26</sup> Robert O. Keohane, “American Politics and the Trade-Growth Struggle,” *International Security* 3, No. 2, Fall, 1978.

<sup>27</sup> Closing Statement of USTR Robert Lighthizer at the Fourth Round of NAFTA Renegotiations, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2017/october/closing-statement-ustr-robert>.

too protected from imports, and regulated in ways that seriously distort competition.

A careful, nuanced policy of rebalancing by the United States might be able to draw, if not support, then at least grudging acceptance from other nations. Japan, for example, has suggested it may increase purchases of U.S. military equipment, which would serve both of the president's objectives of sharing the defense burden and reducing the U.S. trade deficit simultaneously. NATO allies in Europe and Canada have announced plans to increase defense spending in 2017 by close to 5 percent, the fastest in years; NATO Secretary General Jens Stoltenberg said explicitly that the aim is to show Washington that the United States has reliable allies.<sup>28</sup> Such rebalancing of defense commitments is long overdue and will be healthy for the Western alliance. Trump may have accelerated the timetable, but the direction is not a new one.

The unknown question is whether the Trump administration is headed towards a more precipitous withdrawal from leadership. In the economic sphere, there is worrying evidence that this is the case. In addition to walking away from the TPP, the administration has expressed its disdain for larger regional trade agreements; the Transatlantic Trade and Investment Partnership (TTIP) negotiations with the European Union are now on ice, with neither side showing any interest in reviving them. Trump has promised to replace TPP and other larger agreements with a series of bilateral trade agreements, for example, but has so far found no willing partners. Japan, Vietnam and others, who are closely watching the difficulties in the NAFTA and KORUS renegotiations, have little interest in finding themselves in the firing line. Even the UK, which was enthusiastic about a bilateral deal with the U.S. as a counterweight to Europe, appears in no hurry to start talks. At the WTO, the United States has been blocking the appointment of new judges to the Appellate Body—the final court in trade disputes—which could soon undermine the WTO's ability to resolve trade disputes. And the United States has stopped playing any leadership role in pushing for new multilateral commitments. "The new reality is that America is sitting this one out," Alan Wolff, the WTO deputy director-general, said in November. He added that 'nobody, nobody has clearly

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<sup>28</sup> Robin Emmot, "Trump effect? Europe's defense spending to rise faster in 2017," *Reuters*, June 28, 2017, <https://www.reuters.com/article/us-nato-defence/trump-effect-europes-defense-spending-to-rise-faster-in-2017-idUSKBN19J0ZWW>.



adjusted to the fact that the guarantor of the international system is no longer performing that role.”<sup>29</sup>

The way in which other countries respond to this absence of U.S. leadership will be critical. Other actors—the European Union and China most importantly—must step up and play a stronger role. But there are huge obstacles to them doing so. The structural differences in the economies of the EU and China do not allow for the sort of obvious overlap of interests that has existed for many decades between the United States and Europe. And China in particular is accustomed to playing the system for its own advantage rather than seeing itself as a guardian of global trade rules. Instead of moving to fill the vacuum left by the United States, both China and the EU are so far trying to take advantage by concluding their own trade agreements—the EU in new deals with Japan and Latin America and China through its Regional Comprehensive Economic Partnership (RCEP).

Worse, growing anger against the Trump administration is already evident, and the politically popular response to U.S. trade provocations will be to hit back in kind. Canada, for example, has threatened to block purchases of Boeing aircraft in retaliation for Boeing’s effort to slap tariffs on imports of Bombardier aircraft. Mexico has threatened to reduce imports of U.S. corn in response to the Trump administration’s provocations, and the 2018 Mexican election is almost certain to produce a more vocally anti-American Mexican president. The United States and China are heading into confrontations over forced technology transfer and over the U.S. refusal to recognize China as a “market economy” in antidumping and countervailing duty investigations.

But there is a strong case both for international restraint in the face of Trump’s provocations, and for stronger leadership from the other large players. USTR Lighthizer has said that, after some two decades of evidence, America’s trade agreements have not provided the balanced market access that the United States had expected. “It is reasonable to ask after a period of time whether what we received and what we paid were roughly equivalent,” he said in a September 2017 speech. While there can be legitimate debates over the various causes of America’s large and persistent trade deficits, it is clear that United States has been the international market of final resort for too long. It is quite reasonable for other coun-

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<sup>29</sup> Brett Fortnam, “Deputy director-general: WTO members must adjust to life without U.S. leadership,” *Inside U.S. Trade*, November 8, 2017.

tries—particularly the large surplus countries like China, Japan, Germany and Korea—to be taking a careful look at measures that would help bring their international accounts into greater balance. More specifically, it is time to revive the efforts that were made at international economic coordination in the late 1970s and 1980s when, at U.S. insistence, the leading economic powers tried to coordinate their economic policies with an eye towards reducing international imbalances. A positive initiative from, say, China, Japan and the European Union to restart such efforts through the G-20 meetings would be extremely timely. That would provide both a serious, coordinated response to some of the U.S. demands, and also demonstrate that U.S. leadership is not the *sine qua non* for effective international cooperation.

In contrast, a tit-for-tat response to U.S. actions by its major trading partners would be particularly damaging. One of the convictions of Trump administration trade officials is that, because the United States remains the world's largest market, it would have the most power in a world unconstrained by formal procedures to resolve trade disputes. Scared of losing their access to the large U.S. market, other countries would be more likely to buckle to U.S. demands. Lighthizer, for example, was a senior trade official in the Reagan administration when such bullying was used to some positive effect in negotiations with Japan. But the United States—under Republican administrations it should be stressed—was willing to give away this unilateral leverage in exchange for binding trade dispute measures in the WTO, in NAFTA and in other trade agreements. While the United States had reasons to believe it would benefit from such procedures, and has indeed won many cases before the WTO, it was still an extraordinary gesture by the largest economic power in the world to voluntarily tie its hands.

As the Trump administration's trade policy moves forward, the strongest ground that U.S. trading partners have is to continue to hold the United States firmly to that commitment to play by agreed international rules and respect the dispute settlement process. That will require patience and restraint. If the United States imposes new trade barriers that seem to violate its WTO commitments, for example, the temptation for countries targeted will be to hit back in kind. But the right approach is to use the existing dispute settlement procedures—even with the wait of up to two years that is entailed—and for other countries to retaliate only if properly sanctioned by the WTO. This was the approach that the EU, Japan and others took in 2002, for example, when the Bush administration imposed

steep “safeguard” tariffs on steel imports. Such restraint by America’s trading partners will isolate the United States and make it harder for the Trump administration to act blatantly outside the rules, and as importantly will help preserve the rules-based trading order if and when the United States rethinks its current hostility to those institutions.

China’s response to date has been encouraging in this regard. Chinese president Xi Jinping gave a strong speech in Davos in early 2017 calling for the world to “adapt and guide economic globalization, cushion its negative impact, and deliver its benefits to all countries.” He promised that China would play a stronger leadership role in building and preserving global trade rules. And after the United States warned that it might act outside the WTO system to tackle China’s very problematic policies that force foreign companies investing in China to share their proprietary technologies, China did not threaten retaliation, but said only that it would “take all appropriate measures to resolutely safeguard the legitimate rights and interests of the Chinese side.”<sup>30</sup> Such restraint needs to be a model for all countries in dealing with the Trump challenge.

## **Conclusion**

The next several years will provide a critical test for the stability of post-war economic institutions, built under the leadership of the United States and the European Union. Economic challenges in the United States have led to a larger political backlash against those institutions, and to demands from the Trump administration that could lead to their unraveling. The challenge for Europe and for America’s other trading partners will be to find new forms of leadership that can acknowledge the legitimacy of some U.S. demands while preserving global economic rules that have brought benefits to most of the world’s nations.

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<sup>30</sup> Associated Press, “China says it will respond to Trump trade probe with ‘all appropriate measures’,” August 14, 2017, <https://www.washingtontimes.com/news/2017/aug/14/china-respond-trump-trade-probe-all-appropriate-me/>.



## Chapter 6

# Changing Economic Fortunes for Europeans: Implications for Foreign Policy

*Maria Demertzis*<sup>1</sup>

Seen from the perspective of the European Union (EU),<sup>2</sup> the world looks very different today than just one or two years ago. The U.S. election outcome has changed geopolitical dynamics and challenged what the EU considers its “natural alliance.” At the same time, in combination with the UK’s decision to leave the EU (Brexit) and the results of the 2017 French elections, it has brought new impetus to the debate on the EU’s need to unite. As a result, EU member states are engaging in wide-ranging policy discussions on how to promote integration and improve the European Union’s world standing.

And this all is taking place in the middle of what can only be seen as a mild and somewhat precarious economic recovery. The EU has experienced a very deep 10-year crisis, not only because of the force and intensity of the financial shock, but because of its lack of institutional resilience. Countries that were better prepared or had the tools to react quickly and decisively did so and recovered faster. But the EU as an institution lacked both the tools and the governance structure to react to events at the speed at which they unfolded.

Since its inception, with the signing of the Treaty of Rome in 1957, the European project of economic integration has moved in only in one direction, and that is deepening. When the UK voted in the summer of 2016 to leave, the EU received a very sobering message: European integration

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<sup>1</sup> I thank Justine Feliu for helping collect all the necessary data and for allowing me to share her data on military expenditures.

<sup>2</sup> The European Union currently consists of 28 countries (including the UK). All EU countries, except Denmark and the UK, are required by the treaty to join the single currency—the euro—eventually ([https://ec.europa.eu/info/business-economy-euro/euro-area/enlargement-euro-area/who-can-join-and-when\\_en](https://ec.europa.eu/info/business-economy-euro/euro-area/enlargement-euro-area/who-can-join-and-when_en)). At the moment only 19 countries have adopted the euro to form the euro area (EA). In terms of population, the EU is 510 million and the euro area is 340 million. The euro area economy represents about 70 percent of EU GDP; that share will increase when the UK leaves. The numbers that I will present will be either for individual countries or for the EA when I report on averages, as the EA is the relevant economic unit.

is neither inevitable, nor is it irreversible. This has had considerable impact on the European psyche. At the time, it was not at all clear what would follow. Populist, and mostly nationalist movements, in many countries had been arguing for less, or even “no Europe,” for some time. Was this the beginning of the end, or could the Brexit juggernaut be stopped?

The possibility that European integration could be reversed struck a sensitive cord. Many went back to rediscover the project’s *raison d’être* of peace following World War II: democracies whose economies are fused do not go to war with one another. At that time, it was important to promote integration by providing the right conditions for it to flourish. That process began when member states removed trade barriers, adopted common standards and agreed to a common set of rules when interacting with each other. This was done gradually over the span of almost 40 years—an illustration of both the enormity of the task and the strong commitment that countries had. In a second stage, countries that had achieved a certain level of economic convergence<sup>3</sup> adopted a common currency, the euro. This was seen as a way of removing the distortions that arise from currency volatility, thus allowing countries to reap the full benefits of free trade. Since the start of the financial crisis in 2008, important steps were made to unite the financial system by bringing the supervision of systemically-relevant banks together at the European level. This process is not complete, but it is very advanced.

Can the EU go an extra mile and actually build an economic federation? This would be the natural destination in this process of economic integration, as it would provide the means to collect, distribute and therefore manage the economy as one.

The EU is very far from what can be considered a single nation in organizational terms.<sup>4</sup> Despite common laws for many issues, national judiciary systems are still prevalent. National sovereignty is ensured by the power to tax and distribute at the country level. There is no significant federal equivalent, which implies that managing the macroeconomic system remains very much the job of member states. There is a system of coordinated monitoring at the EU level,<sup>5</sup> but it not an adequate substitute.

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<sup>3</sup> To understand how convergence is evaluated, see [https://ec.europa.eu/info/business-economy-euro/euro-area\\_en](https://ec.europa.eu/info/business-economy-euro/euro-area_en).

<sup>4</sup> I am not referring to cultural, historical or linguistic differences, which are crucial for the definition of a nation.

<sup>5</sup> Macroeconomic Imbalances Procedure, and the Fiscal Compact, [https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/macroeconomic-imbalance-procedure\\_en](https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/macroeconomic-imbalance-procedure_en).

This was made clear in the crisis years, when real time solutions were entirely national (e.g. saving banks). The EU, as an institution or as the collective voice of the member states, had neither the mandate nor the means to take over from national authorities.

Herein lie two inconsistencies.

First, as long as countries are economically interdependent, solutions at the national level will be incomplete. And in the EU, not only are countries interdependent, they also strive to develop very close links. From integrated value chains to a common currency and large financial flows, countries are part of one economic system and cannot insulate themselves from developments elsewhere. Defining at least some common objectives and harmonization of rules is becoming increasingly indispensable.

Second, while countries understand and acknowledge this incomplete nature of the EU architecture, they are not necessarily at the point of abandoning national sovereignty. This became very clear with the Brexit vote and with the surge of nationalism across the Union. The EU is therefore not at the level of being able to counteract shocks at the pace and with the commitment that countries are able to muster. At the same time, because integration is deep, national problems can quickly become continental problems.

It is in this context, of halfway architectural design, that the EU's economy needs to be assessed. In this chapter I describe the broad economic picture of the euro area and compare it to that of the United States. I argue that the differences, to the extent they exist, will be a manifestation of each entity's relative ability to act in real time to address economic shocks, particularly since 2008. That in itself is the result of the paradox explained above: all member states are affected by problems together, yet their power to act is not equally centralized.

I then describe the economic challenges the EU is battling. The financial crisis has left the EU with a number of financial and other legacy problems that now stand in the way of its ability to grow and prosper. In my view, the problems of indebtedness and unemployment (particularly for the young) are the two most important. I suggest ways to address them.

I then turn to the EU's external challenges, which have implications for its domestic and foreign economic policies. I discuss migration, the

call to rethink and possibly redesign defense expenditures, the EU's evolving alliances, and its role as defender of multilateralism. I conclude with some thoughts about going forward.

## **Internal Challenges**

### *The Current State of the Euro Area Economy*

The euro area economy has been through what is now known as a double-dip since the start of the financial crisis in 2008. Figure 1 shows that while the first dip in growth in 2009 was very similar in the euro area and in the United States, their paths diverged during the subsequent four years. The United States managed to recover and sustain a more or less stable level of growth relatively early in the process. By contrast, the euro area faced a second contraction as investment collapsed, resulting in a four-year divergence in growth. Since late 2015 growth levels are again similar.

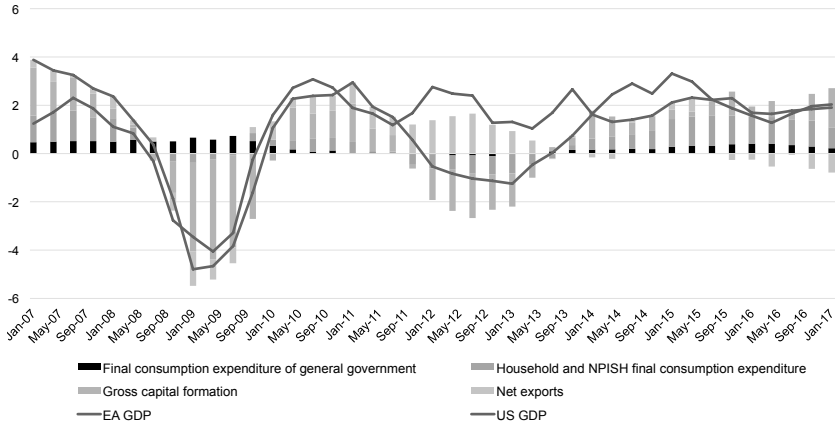
This second dip came to be known as the fiscal crisis, when the euro area faced a serious possibility of breaking up. Lack of sufficient coordinated action during the first banking crisis was the primary cause for the second crisis. Countries implemented strictly national efforts to save domestic banks, which exposed their fiscal capacity. Those that had healthier fiscal finances were in better position to pursue bank rescues. The point that was not sufficiently appreciated at the time was how weak fiscal finances in certain countries, even if these countries were small, could pose a serious threat to the euro area as a whole. Markets took the view that if countries share a common currency, they de facto also share fiscal positions. And if one country's fiscal position is in trouble, either others come to rescue it or the currency fails.

Failure to recognize this point, and then respond to it convincingly, prevented the euro area from sustaining the first recovery. Euro area member states were unwilling to admit the inexorable links that bound them together through the single currency, while EU institutions lacked the authority to respond.

It took three years before member states were prepared to acknowledge how close the euro has tied their economies together, and to put mechanisms in place to provide adequate responses.



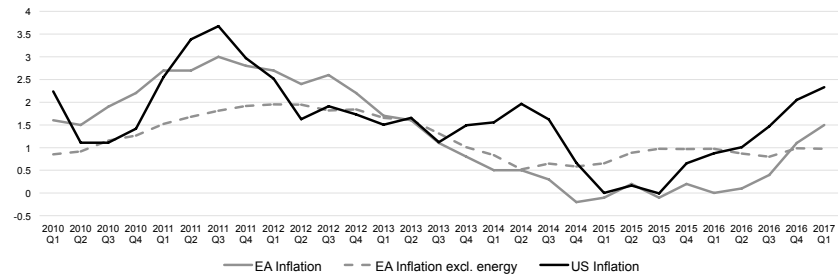
**Figure 1: Real Growth in Gross Domestic Product (%) (and growth contribution, percentage points for euro area only)**



Source: Eurostat, FRED (St. Louis Federal Reserve).

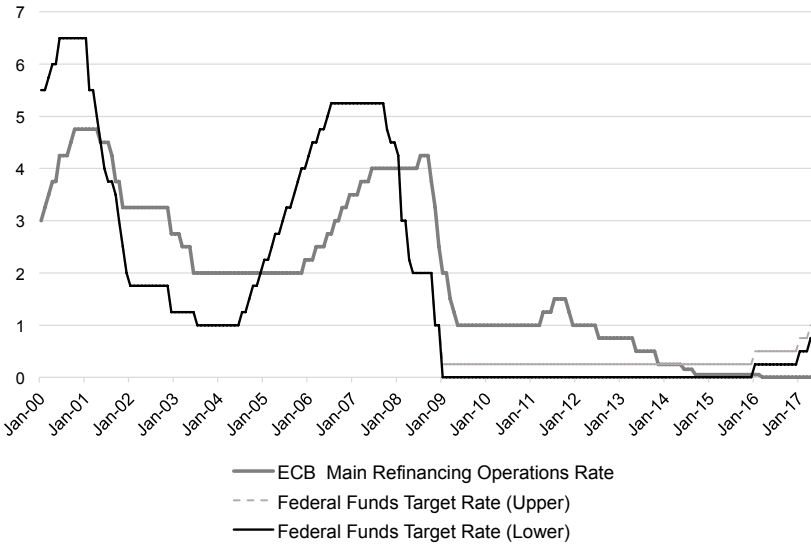
Since then, much has happened. But how convincing have such efforts been and are they enough? Initially, euro area growth was driven by domestic consumption. More recently, it has also been sparked by new investments. At the same time, the inflation rate, the main indicator of economic activity, remains persistently below what it ought to be (around 2 percent), in particular when looking at the core rate, which excludes volatile components (Figure 2).

**Figure 2: Inflation and Core inflation (%), Euro Area and United States**



Source: European Central Bank, FRED. Note: Core inflation is actual inflation that excludes energy prices.

**Figure 3: The European Central Bank Main Refinancing Operations Rate (%)**



Source: Bloomberg, European Central Bank.

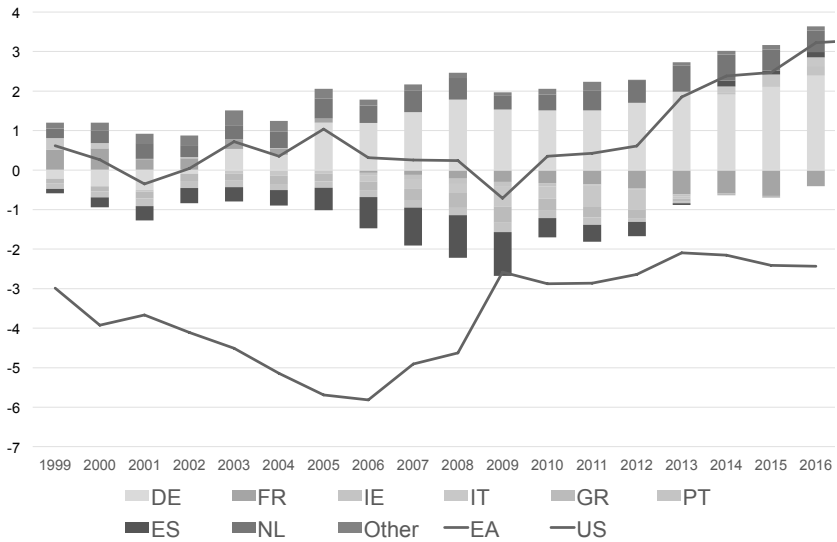
Moreover, there is little that monetary policy can do to try and encourage growth. The interest rate is effectively at zero (known as the zero-lower-bound), so it cannot fall any further to promote investment.<sup>6</sup> The United States, in contrast, is once again in the position to use the interest rates to manage the economy (Figure 3).

At the same time, with the exception of France, all countries in the euro area are now net capital exporters. Figure 4 shows that the euro area itself exports capital of over 3 percent of its own GDP. With recovery being nascent and precarious, the fact that capital does not stay home does not reflect confidence in domestic conditions.

There is one area where the EU on the whole has managed to maintain consistency, and that is with regard to income inequality. Figure 5 compares the EU (28 countries) to the United States. Not only does the EU have a

<sup>6</sup> Admittedly more is done in the form of “unconventional” measures. But the “conventional” part of monetary policy, i.e., the ability to use the interest rate, is effectively now incapacitated.

**Figure 4: Current Account as % of GDP: Euro Area (and country contributions) and United States**



Source: Ameco, European Commission and FRED.

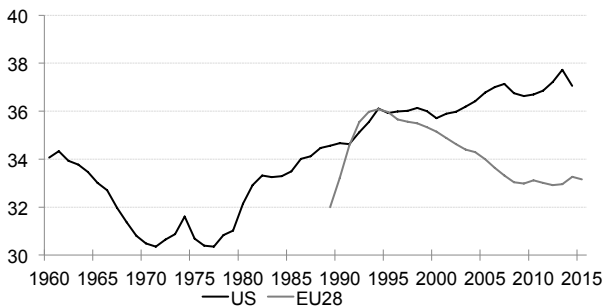
much lower level of income inequality than the United States, it has also been able to prevent a deterioration, despite weak economic conditions over the past 10 years.

On the whole, the EU economy is only just beginning to enter a convincing recovery. This is in contrast to the United States, which recovered much faster after the financial crisis. Whether Europe manages to sustain this recovery depends crucially on how it handles important legacy problems. I turn to this next.

***Economic Legacy Problems***

In the context of a low-growth, low inflation environment, the main problems to overcome in the EU are excessive debt (both private and public) and unemployment, in particular amongst the young. Both these are the results of a prolonged crisis period and are affecting the EU’s ability to grow and be productive.

**Figure 5: Gini Coefficient of Net\* Income Inequality: Comparing the EU with the United States, 1960-2014**



\*After taxes and transfers. Source: Zsolt Darvas and Guntram Wolff, "An Anatomy of Inclusive Growth in Europe," Bruegel Blueprint series, 26, 2016, <http://bruegel.org/2016/10/an-anatomy-of-inclusive-growth-in-europe/>.

Note: A Gini index of zero represents perfect equality (i.e., incomes are perfectly evenly distributed) and a Gini index of 100 indicates perfect inequality (all incomes are owned by one person). I thank Zsolt Darvas and Guntram Wolff for kindly allowing me to use their data.

### *Excessive Debt*

Debt has become more important for the functioning of modern economies over the last 20 to 30 years. More and more people and firms use debt to finance growth. The procedures followed to resolve debts when borrowers default, however, have not adapted to match the increased prevalence of debt.<sup>7</sup> As a result, the inability to resolve debts as they become unproductive has led to the accumulation of high stocks of debt. Figure 6 shows that levels of private debt (not fiscal debt) remain high, and possibly too high. The EU is not different in this respect from the United States, where average debt levels are comparable.

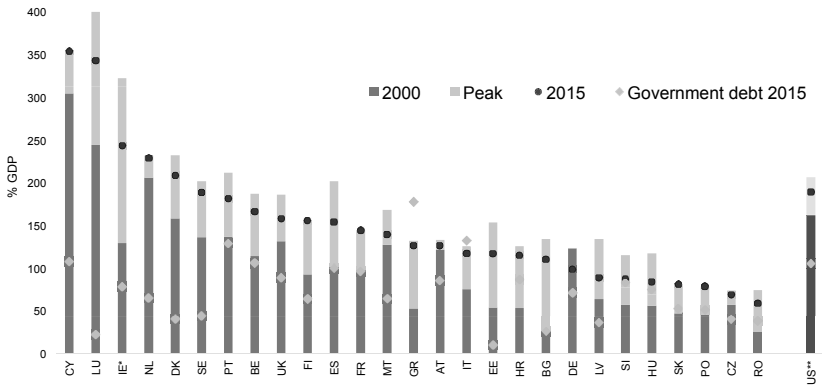
The exact level at which indebtedness distorts growth remains unclear. The European Commission's Macroeconomic Imbalance Procedure uses a threshold of 113 percent of GDP as a signal for deeper investigation of private indebtedness. Others have identified lower threshold levels (between 85-90 percent of GDP<sup>8</sup> or below 100 percent of GDP<sup>9</sup>), so

<sup>7</sup> World Bank, "Report on the Treatment of the Insolvency of Natural Persons, Insolvency and Creditor/Debtor Regimes Task Force" (2011).

<sup>8</sup> S.G. Cecchetti, M. S. Mohanty and F. Zampolli, "The real effects of debt," BIS Working-Paper No. 352 (2011).

<sup>9</sup> J-L Arcand, E. Berkes and U. Panizza, "Too Much Finance?" IMF Working Paper, No. 161, June 2011.

**Figure 6: Private Sector Debt<sup>+</sup>, % of GDP**



Notes: <sup>+</sup>Households and non-financial corporates. \*Private debt data for Ireland are based on central bank statistics (CCB indicators), which are based on national bank credit data, thereby excluding debt of foreign affiliates. \*\*Private debt data for U.S. are based on World Development Indicators and GG debt on Fred statistics.

Sources: Eurostat, Irish National Central Bank Statistics, World Development Indicators, FRED.

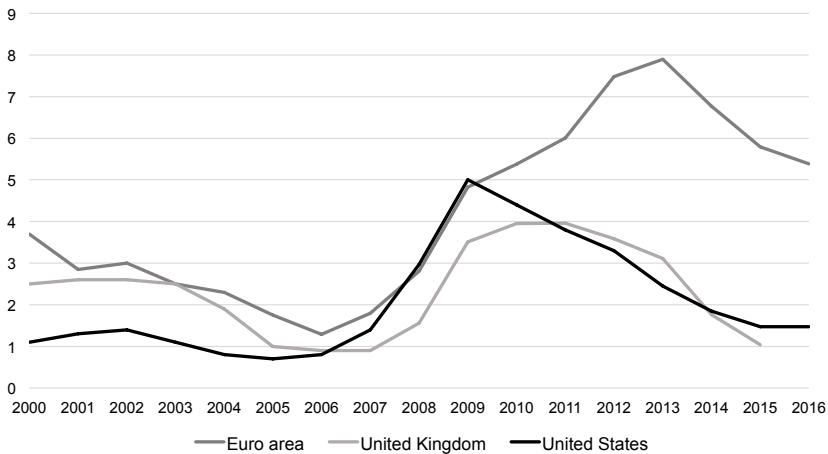
therefore caution is important when attempting to categorize a level of private debt as excessive.

Irrespective of the exact threshold, at a level of an unweighted average of almost 150 percent of GDP, debt in the EU is considered excessive. And we can recognize two ways in which excessive debt has detrimental effects on the economy.

The first affects the supply of credit. Excessive debts are typically non-performing. When creditors have a significant level of Non-Performing Loans (NPLs) on their balance sheet, they do not issue new credit, thus putting a cap on the credit supplied to the economy. And as member states rely heavily on banks to finance growth (by contrast to the United States, which relies more or less equally on banks and capital markets) they find themselves in a position of insufficient credit creation. This is particularly true for new credit to firms (as opposed to households), therefore preventing new investment.

While a number of countries have made progress in removing NPLs from bank balance sheets, others clearly have not. Here we also see a startling difference with the United States, which achieved a much lower peak level to begin with and reduced NPL levels almost in real time. In the

**Figure 7: Progress with Resolving Non-Performing Loans (NPLs): Bank NPLs to Total Gross Loans (%)**



Source: World Development Indicators, IMF

euro area, by contrast, the resolution of NPLs reached a much worse level and did not begin to improve until early 2014.

Excessive debt also suppresses the demand for new credit. This second effect, known as the debt overhang, has been less prominent in the European discussion. Debt overhang is a situation in which high debt levels act as a disincentive to new investment.<sup>10</sup> This effect is difficult to measure directly, but can be identified in different ways. Companies that are highly leveraged find it difficult to take advantage of an improvement in demand, and may even continue to de-lever as a recovery takes hold.<sup>11</sup> It is estimated that the debt overhang in the EU explains about a third of the decline in investment observed during the crisis.<sup>12</sup> It is likely that the number of firms originally affected by this distortion is significant, making it a systemic obstacle to recovery.

<sup>10</sup> S. C. Myers, "Determinants of Corporate Borrowing," *Journal of Financial Economics*, 5 (2) (1977), pp 147–175.

<sup>11</sup> International Monetary Fund, "A Strategy for Europe's NPLs," IMF Staff Discussion Note, 15/09 2015.

<sup>12</sup> S. K. Ozcan, L. Laeven and D. Moreno, "Debt Overhang in Europe: Evidence from Firm-Bank-Sovereign Linkages," paper presented at the 21st Dubrovnik Economic Conference, 2015.

A significant obstacle to this adjustment has been the EU's anemic growth and almost zero inflation, at least until recently. As the real value of debt is not adjusting, it is the nominal value of debt that needs to do so. In principle, there are two alternative paths to such an adjustment and they both need to happen.

The first is deleveraging, as debtors put aside resources to repay existing debt. This, however, depresses growth and investment as lenders rebuild liquidity in the absence of a more comprehensive improvement in the debt situation. European Commission estimates point to a permanent reduction in GDP of almost one percentage point for every ten-percentage point reduction in the private debt ratio.<sup>13</sup> Repaying back debts in order to reduce them to levels that are deemed sustainable is going to cost a lot in terms of growth.

The second is re-structuring and/or write-downs. This form of adjustment would involve wide-ranging modification of loan terms to recognize the value loss relative to the original terms in credit contracts, and to share this value loss between creditors and equity holders. European countries on the whole have much less of a culture of write-downs, and as a consequence have developed little skills on how to allow markets to work them through. The issue is slowly becoming part of the tools to be used, but it is protracted.<sup>14</sup> Also, it is important to recognize that this process cannot happen to the detriment of the health of banks, given the efforts made in past years to restore credibility in the sector. If restructuring were to happen, it would have to follow banks' capacity to absorb losses very closely. This inevitably adds an extra layer of complication that prevents the swift solution to the problem of indebtedness in the EU.

### ***Unemployment: Divergences Among Countries and Generations***

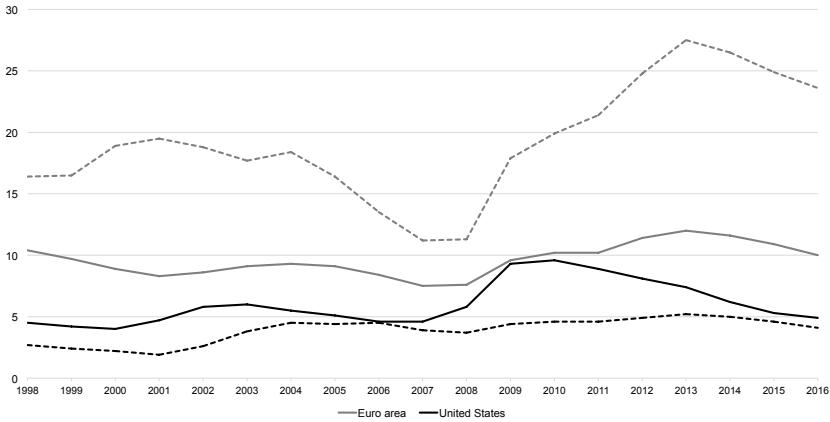
Traditionally, the level of unemployment in European countries have always been higher than that in the United States. This discrepancy continues to hold, with the exception of a few years prior to the crisis when the United States saw a distinct increase in the level of unemployment.

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<sup>13</sup> P. Pontuch, "Private sector deleveraging: where do we stand?" Quarterly report on the euro area, European Commission, 2014.

<sup>14</sup> Maria Demertzis and Alexander Lehmann, "Tackling Europe's crisis legacy: a comprehensive strategy for bad loans and debt restructuring," Bruegel Policy Contribution No. 11, April 21, 2017, <http://bruegel.org/wp-content/uploads/2017/04/PC-11-2017-2004.pdf>.

**Figure 8: Unemployment as Percentage of the Total Active Population, Euro Area and United States**



Source: Ameco, European Commission. Notes: dashed lines represent the minimum (best performer) and maximum (worst performer) at any point in time, not shared by the same country across the whole period.

Currently, the actual level of unemployment in the euro area as a whole is comparable to historical levels.

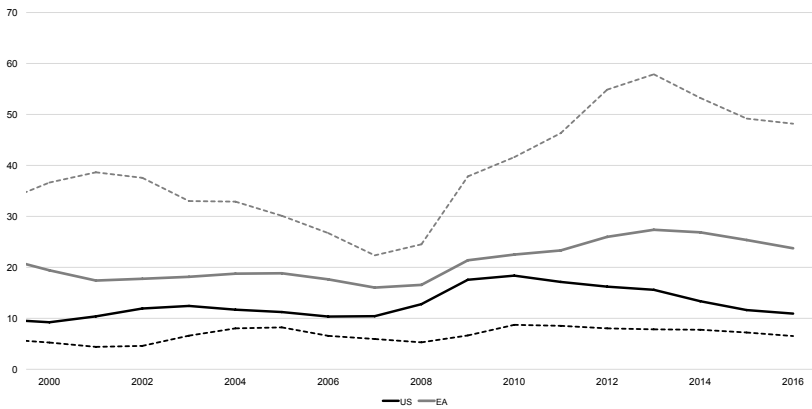
Where the problem of unemployment in the euro area has deteriorated is that we now observe divergence between countries as well as in certain segments of the population. Figure 8 shows the two-unemployment series for the euro area and the United States, but also shows the range of unemployment levels between countries in the euro area. The main message is that while the early years of monetary union (from 1999 to 2008) saw a slow but visible convergence, since then that process has reversed, with a sustained divergence between countries now prevailing.

The problem is particularly visible when it comes to young people. One in four young people in the euro area is now unemployed; in some areas one in two are unemployed (figure 9). This is particularly true in areas that have systems that benefit incumbents over new entrants, and where there is no culture of vocational training to smooth integration into labor markets.

This can lead to both important social problems in real time, but it also implies that as their skills depreciate, the young will have difficulties inte-



**Figure 9: Youth Unemployment as Percentage of the Total Active Population, Euro Area and United States**



Source: FRED; World Bank, World Development Indicators. Note: Youth unemployment refers to the share of the labor force ages 15-24 without work but available for and seeking employment (modeled ILO estimate). Notes: dashed lines represent the minimum (best performer) and maximum (worst performer) at any point in time, not shared by the same country across the whole period.

grating in the labor market in years to come. It is difficult to predict the intergenerational effects implied, but the scale of the problem has now made it a number one policy priority.<sup>15</sup>

Important differences between the United States and the euro area account for these differences. Labor mobility has always been greater in the United States than typically in EU member states. 30 percent of Americans reside in a state other than the one they were born. This is true for only 2.8 percent in the EU.<sup>16</sup> Language and cultural factors account for this difference, but the fact remains that labor mobility cannot be counted upon to provide a solution when certain regions are affected by economic disturbances. Similarly, generous welfare systems in the form of long-lasting unemployment benefits also generate disincentives for job-seeking.

The need for labor market reforms is similar across all European countries, albeit with different degrees of urgency. French President Macron has made this his top priority in the reform agenda that he has set in

<sup>15</sup> For the European Commission's strategy put in place to help tackle it, see <http://ec.europa.eu/social/main.jsp?catId=1036>.

<sup>16</sup> <https://www.economist.com/blogs/economist-explains/2015/08/economist-explains>.

France. Other countries need to push for ways of increasing the flexibility of the labor market and ensuring access for all. Countries' ability to handle this, in particular as it concerns the young, will determine how well the EU will provide sustainable development in the future. It remains the most urgent problem to tackle, as it has implications not only for the economy but also for social cohesion.

## **External Challenges**

Beyond its own economic legacy problems, there are a number of challenges that are affecting the EU's foreign economic policy. Without claiming to be exclusive, I will discuss the surge of recent economic migration waves, the revival of the issue of the need to coordinate defense expenses and finally the EU's economic alliances and how they might be challenged.

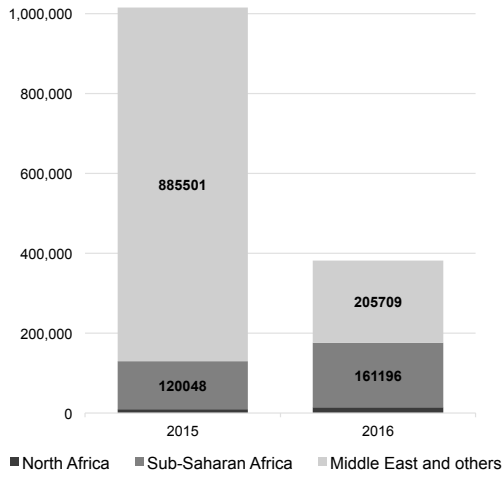
### *Economic Migration*

Migration waves into the EU have increased steadily and significantly particularly since 2012. This has raised a number of questions, including whether such levels of population shifts can be sustained, and whether and how migrants can be integrated successfully. A significant number of these people, particularly in 2015 and 2016, were effectively refugees from Syria escaping war. Figure 10 shows that the bulk of people arriving into the EU in these years originated from the Middle East region, and therefore were not economic migrants.

However, the issue of economic migrants, particularly from Africa, is an older story. What has changed is the increase of irregular arrivals, mostly by boat under very life-threatening circumstances. These numbers have been increasing since 2010, as shown in Figure 11. The European policy establishment has become more interested in Africa because of a fear that ever-increasing migration inflows are unpopular with the public. But this irregular migration is still only a fraction of total immigration, which is actually fairly stable at around 500,000 per year.

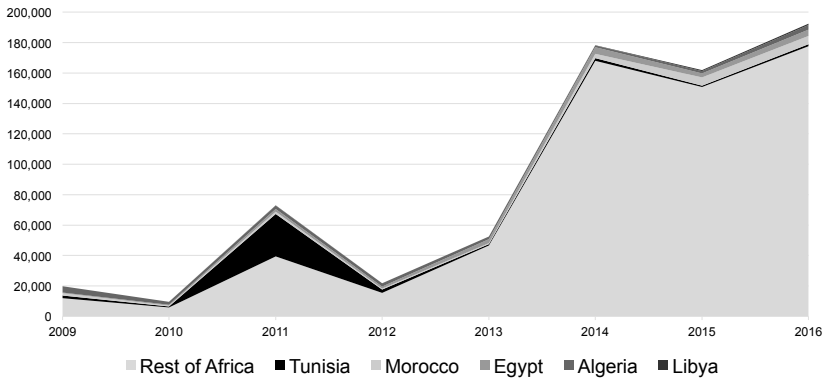
Figure 11 shows that African migrants coming to the EU are primarily from sub-Saharan Africa. At the moment, annual migration from Africa to the EU only represents 0.1 percent of the EU population. But the numbers will likely increase in the future, as the population of Africa is expected to more than double by 2050, reaching 2.5 billion. The demographic pressures are the strongest in sub-Saharan Africa, where fertility rates are

**Figure 10: Arrivals into the EU by Country Groups (persons)**



Source: UNHCR.

**Figure 11: Detection of Irregular Border-Crossing from Africa (persons)**



Source: Frontex.

exceptionally high at 5 children per woman and where the average annual income per person is below \$3,500 in purchasing power parity terms. For these reasons, emigration from Africa will continue, and Europe will remain an attractive destination.<sup>17</sup>

Naturally, income differences between Africa and the EU are an important reason behind such population movements. There is no doubt that economic development in sub-Saharan Africa is a critical objective in the fight against poverty. EU countries individually, collectively and through multilateral institutions, like the European Investment Bank, will need to step up their involvement on the continent. But development aid can only go that far, as development and migration do not always go hand in hand. In fact, in very poor countries emigration often increases with rising GDP per capita. This happens because at first, development simply provides the means to escape poverty. Empirically, studies find that starting from low levels of income development will not stop people leaving. Only when levels of income rise to above \$7,000-9,000 in purchasing power parity per year does emigration begin to fall.<sup>18</sup> Out of 47 sub-Saharan countries, only seven are currently above the \$9,000 GDP-per-capita level, and 39 have a GDP below \$7,000 per capita. Under reasonable assumptions, 35 countries are expected to still be below that level in 2030. Meanwhile, the population of these countries will have reached 1.05 billion.

Low economic development in the countries of origins, combined with projected demographics, leads us to conclude that many will seek to leave the African continent. Northern African countries that have higher levels of income as well as lower rates of population growth can act as destinations themselves, and therefore buffers for the EU. The fact remains, however, that the EU will remain a popular destination. European countries will necessarily have to find ways to help the origin countries develop, and help migrants integrate at home.

### *Defense Expenditures*

Important geopolitical challenges, ranging from irregular immigration to tensions with Russia, have prompted the EU to think harder about pro-

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<sup>17</sup> Uri Dadush, Maria Demertzis and Guntram Wolff, "Europe's role in North Africa: development, investment and migration," Bruegel Policy Contribution No. 10, 2017, <http://bruegel.org/wp-content/uploads/2017/04/PC-10-2017.pdf>.

<sup>18</sup> Michael, Clemens, "Does development reduce migration?" *International Handbook on Migration and Economic Development*, pp. 152-185 (2014), [https://www.cgdev.org/sites/default/files/does-development-reduce-migration\\_final\\_0.pdf](https://www.cgdev.org/sites/default/files/does-development-reduce-migration_final_0.pdf).

tecting its outside borders. This has given rise to discussions on coordinating defense and security, issues that the EU had previously left almost exclusively to member states, even though defense and security is one of the few issues where most European citizens agree that the EU can play a constructive role.<sup>19</sup>

In June 2017 the EU Council agreed to launch a European Defense Fund,<sup>20</sup> the purpose of which is to “coordinate, supplement and amplify national investments in defence research, in the development of prototypes and in the acquisition of defence equipment and technology.” The European defense fund would aim to generate a total investment in defense capability of €5 billion per year.

At the same time, there has been increasing criticism coming from the United States on inadequate defense spending. President Trump directly criticized NATO members for not honoring their budgetary commitments. Only 5 members (including the United States) actually meet NATO’s defense spending target of 2 percent of GDP (Figure 12).

Feliu argues that Donald Trump’s statements effectively acts as a threat (and is perceived as such) of removing the security guarantee that the United States had always offered European countries through NATO.<sup>21</sup> If European countries that are NATO members wanted to meet the 2 percent of GDP target, they would have to collectively spend an additional \$96 billion annually.

It is not at all clear that EU countries are responsive to such calls. Coordinating defense spending via the new fund is a way to exploit economies of scale and reduce inefficiencies. But there is no clear appetite to expand spending, and certainly not of the scale that would be required. And there are even arguments that challenge the appropriateness of increasing military spending at all. Andrew Moravcsik, for example, argues that “demands for ... defense spending rests on an outdated conception of world power.”<sup>22</sup>

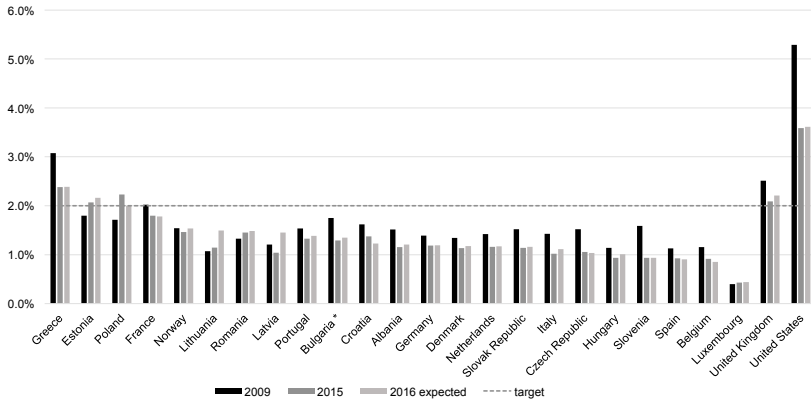
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<sup>19</sup> In an April 2017 Eurobarometer survey, 68 percent of those polled would like the EU to do more on security and defense policy. Indicatively, 57 percent of responders thought their country’s membership of the EU was a good thing. Results here: [http://www.europarl.europa.eu/pdf/eurobarometre/2017/2019ee/two\\_years\\_until\\_ee2019\\_synthesis\\_en.pdf](http://www.europarl.europa.eu/pdf/eurobarometre/2017/2019ee/two_years_until_ee2019_synthesis_en.pdf).

<sup>20</sup> See communication announcement here: [http://europa.eu/rapid/press-release\\_IP-17-1508\\_en.htm](http://europa.eu/rapid/press-release_IP-17-1508_en.htm).

<sup>21</sup> Justine Feliu, “Trump, NATO and European defence spending,” Bruegel Blog post, November 15, 2016, <http://bruegel.org/2016/11/trump-nato-and-european-defence-spending/>.

<sup>22</sup> Andrew Moravcsik, “Europe pays its fair share whatever Donald Trump says,” *Financial*

**Figure 12: Defense Expenditures as Percentage of GDP (based on 2010 prices)**

\* Data do not include pensions, \*\* based on 2010 prices

Source: Justine Feliu, "Trump, NATO and European defence spending," Bruegel Blog post, November 15, 2016, <http://bruegel.org/2016/11/trump-nato-and-european-defence-spending/>. Bruegel calculations based on time series computed by NATO. See press release on defense expenditures: <http://bru.gl/2fcxLKJ>.

He continues by saying that Europeans have other non-military ways of exerting global influence, namely by pursuing diplomatic routes and enhancing economic ties. He refers to German Chancellor Angela Merkel, who believes that engaging in trade, providing developing aid and promoting multilateral institutions, such as development banks, are more effective ways of safeguarding national security.

Be that as it may, the emergence of new global powers and the clear change in the global role that the Trump administration wants the United States to play in defense, trade and spreading of cultural values are forcing the EU to rethink its own position.

### *Redefining Allies*

The last issue to discuss is how a change of world powers is also affecting the EU's global stance. An important trend, which began a couple of decades ago, saw advanced economies diminishing in relative economic

power. This trend became evident around 2010, when advanced countries started to account for less than half of global GDP in purchasing power terms.<sup>23</sup> As advanced economies saw their shares in global trade and income decline, they resorted to a more protectionist approach when engaging with other countries.

This trend is very visible in the United States currently, but it is not new. It emerged during the Clinton administration (1993–2001), when the question of “what’s in it for us?” first arose in terms of “regaining competitiveness.” However, the Trump administration does not just aim to reduce the U.S. role as an anchor of the global multilateral system, it has openly challenged it, either by threatening to withdraw from it unilaterally or by imposing protectionist measures, such as high tariffs. The underlying rationale of “what’s in it for us?” is well captured by President Trump’s “America first” rhetoric.

In the meantime, China’s position in the world has strengthened during the last quarter century. President Xi Jinping’s speech in Davos in January 2017 was indeed that of the leader of a global power calling for an open global economic system.<sup>24</sup>

Where does that leave the EU? To answer the question, it is important to understand the EU’s current economic ties. Figures 13 and 14 show the bilateral trade and investment between a number of countries. For the EU27, the United States is the number one partner for both exports (\$495.5 billion) and imports (\$463.5 billion). With regards to China, the EU27 exports \$190.4 billion and imports \$394.9 billion. For the EU27 the UK remains a very important trading partner, even before China (exports to: \$445.5 billion, imports from: \$348.5 billion). For the United States, China is the number one partner, certainly with regards to its imports (\$517 billion), although the EU is the first destination for U.S. exports (\$463.5 billion).

When it comes to foreign direct investments, the ties between the EU and the United States are also very strong. Figure 14 shows that 44 percent of U.S. foreign direct investment comes from the EU27 (\$1.38 trillion),

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<sup>23</sup> Maria Demertzis, Andre Sapir and Guntram Wolff, “Europe in a new world Order,” Bruegel Policy Brief, Issue 2, February 2017, [http://bruegel.org/wp-content/uploads/2017/02/Bruegel\\_Policy\\_Brief-2017\\_02-170217\\_final.pdf](http://bruegel.org/wp-content/uploads/2017/02/Bruegel_Policy_Brief-2017_02-170217_final.pdf).

<sup>24</sup> For the text, see <https://www.weforum.org/agenda/2017/01/full-text-of-xi-jinping-keynote-at-the-world-economic-forum>.

**Figure 13: Bilateral Imports (Goods and services) in 2015, Selected Partners (\$ billions)**

	Into:	US	EU27	UK	China*	Japan	Canada
<b>From</b>	<b>US</b>		463.5	96.6	150.5	126.3	285.2
	<b>EU27</b>	495.5		445.5	190.4	88	35.1
	<b>UK</b>	108.5	348.5		18.9	19.1	12.9
	<b>China</b>	517	394.9	64.7		172.4	53.4
	<b>Japan</b>	166	88.1	14.5	143.1		13.5
	<b>Canada</b>	331.1	31.1	13.5	26.3	11.3	0
	<b>World</b>	2784.3	2828.1	845.2	1681.7	817.7	529.5

Source: Bruegel based on UN Comtrade data (available here: <https://comtrade.un.org/data/>). Note:

\*China numbers for goods only. Data for goods, bilateral trade on import statistics, which are considered more accurate given the custom system in place to collect tariff revenues. Data for services: Bruegel based on ITC Trade Map and OECD Statistics on International Trade in Services by partner country. Both sources follow the Extended Balance of Payments Services Classification (EBOPS 2010).

Note: data on EU27 are estimated by subtracting UK imports from all the bilateral import flows of EU28. In particular, EU27 (EU without the UK) total imports are equal to (EU28 total imports - UK total imports from ExtraEU28 + EU27 imports from UK).

and 31 percent of the EU27's foreign direct investment comes from the United States (\$2.16 trillion).

In short, the economic relations established between the EU and the United States imply a natural alliance. And if the Transatlantic Trade and Investment Partnership (TTIP) were to be pursued, this economic alliance could be enhanced by offering greater choices, reducing prices and generating jobs and growth.<sup>25</sup>

Nevertheless, despite these very clear ties with the United States, the EU has a strong economic and political interest in preserving the multi-lateral trading system. Openness, measured as exports in terms of a country's GDP, is far greater in the EU (43.8 percent) than in China (22.1 percent) or the United States (12.6 percent). The rules-based system allows all players, including the weaker ones, to trade with each other based on high and comparable standards that have to be followed by all. Protectionism would reduce EU and global welfare, hurt global growth and could mean lower standards and unfair competition. In particular, in

<sup>25</sup> See an independent study for the effects on the EU: <http://www.trade-sia.com/ttip/>.



**Figure 14: FDI Stocks 2015 (\$ billions)**

	To:	US	EU27	UK	China*	Japan	Canada
<b>From</b>	<b>US</b>	.	2156.3	433	116.6	51.6	280
	<b>EU27</b>	1382.3	.	679.9	257.9	58.4	150
	<b>UK</b>	484	1248.6	.	42.3	13.2	24.8
	<b>China*</b>	25.9	97.1	20.6	.	8.4	26.7
	<b>Japan</b>	411	115.3	67.7	180.7	.	15.9
	<b>Canada</b>	269	214.3	34.4	15.8	1.2	.
	<b>World</b>	3130	6863.6	1550	2580	171	555

Source: CDIS (Coordinated Direct Investment Survey), IMF. \*(including Hong Kong)

the EU with its strong trade relationships around the world, many jobs could be at stake.

But can the EU protect the continuation of the multilateral system alone or in coordination with China, as it had done with the United States in the past? This is not a trivial question because the EU and Chinese economic systems are much more dissimilar than the EU and American economic systems. Nevertheless, in certain areas, such as support for the WTO, EU-China collaboration should be relatively straightforward. The EU should also seek other partners for collaboration in support of the WTO.

Overall, there is a very clear economic link between the EU and the United States that could come under threat if the latter were to take unilateral protectionist trade measures. This would be damaging to international welfare, and the EU would be pressed to react strongly and decisively to such measures. The underlying guiding principle needs to be to defend multilateral trading systems that have helped increase welfare across the world. At the same time, collaboration with others to this end is equally important.

## Conclusions

The financial crisis has left a different economic and political trail in the EU and the euro area than it has in the United States. Although its member states are deeply integrated economically, the euro area lacks a

governance set-up that would allow it to respond to problems as they arise. In economic terms, this means that responses to the financial crisis and its aftermath late came too late and remain incomplete. Excessive debt, and high unemployment particularly among the young, continue to prevent growth from picking up convincingly.

There are, of course, differences in economic development among euro area countries. Arguably, such differences can be larger than among states in the United States. This would then make it difficult to identify appropriate economic responses at the macrolevel of the euro area itself. One size cannot easily fit all.

While there is some truth to this argument, it should also not be overstated. Differences in taxation and legal systems are an important source of heterogeneity. But there is also a very large accumulated body of European Union law, known as the *acquis communautaire*, that has established common standards across all countries. This in turn has allowed the creation of a Single Market, a common currency, and a banking union, and will promote a digital single market in the future.

Moreover, economic heterogeneity is also substantial in the United States; indeed, there is no clear evidence that the United States is an optimal currency area. However, where there is an important difference is that the United States is an economic federation, which next to a single currency, enables authorities to tax and redistribute at the federal level and thus smooth economic shocks across the states. Despite also having a single currency, the euro area does not have that power, and thus countries are left to fend for themselves when shocks arise. Building an economic federation would be the right step to take to strengthen the EU's architecture. This is not a short- or even medium-term possibility, however, and many doubt whether this is even a long-term possibility. In the meantime, the euro area copes with its multi-level, half-way architecture.

Despite these challenges, most countries in the EU have one important strength: they have always maintained relatively low levels of income inequality, certainly in comparison with the United States. As the benefits of open economies were shared more evenly, citizens found it easier to accept and endorse the benefits of globalization. As a result, there has on the whole been support in EU member states for closer cooperation between nations, neighboring as well as further afield. In contrast, in the United States, and to some extent also the UK, the benefits of globalization accrued only to a few. These societies became distinctively more polarized,

giving rise to deep discontent. And this, in my view, has left a different political trail, manifested in the ability of many EU countries to contain populist voices.

Apart from its own internal problems, the EU faces a number of outside pressures. The refugee and migration crises have raised the issue of protecting external borders. At the same time, discussions on the need to increase and coordinate defense has also raised an issue that had laid dormant for decades. Here again, the extent to which there can be progress depends crucially on the EU's ability to coordinate swiftly and effectively.

Last but not least, the emergence of China as a global player and the increasing withdrawal of the United States from global leadership is creating a tri-polar system of world powers. As a staunch supporter of multilateralism, the EU is having to reconsider its position and how to best protect its interests. On the hand it needs to maintain what has always been the most natural of alliances with the United States, despite having to deal with a series of increasingly contentious issues. On the other hand, it is having to deepen alliances with China, despite very significant differences of views, in particularly when it comes to the role of the state in the market place. And since the emergence of a tri-polar global system does not automatically lead to multilateralism, the EU will have to invest in building broad alliances across the world.

There is no doubt that international economic relations are currently shifting and that partnerships need to evolve. This is also true for the EU-U.S. relationship. It is important to maintain and promote economic ties between the two, as they rest on a similar and established economic approach. Nevertheless, it is also important to strengthen ties with new countries as they enter the global economic system, and there is no reason why this will be antagonistic to EU-U.S. relations. At the core of its approach, the EU aims to strengthen the multilateral system and promote access for all. A concerted EU-U.S. effort could go a long way in achieving that.

In the end, the EU's ability to promote economic development at the global level rests on the future of its own integration. European integration, in turn, depends crucially on the responses Europeans provide to both internal as well as external challenges. Important problems and populist pressures remain. It is vital that Europe avoid the trap of isolationism, but far from guaranteed that it will do so.



*Section IV*

**Institutional and Personal Factors  
Influencing Foreign Policy in Europe  
and the United States**



## Chapter 7

# Invitation to Struggle: Congress, the President, and U.S. Foreign Policy

*James M. Lindsay*

The legal scholar Edward S. Corwin famously wrote that the U.S. Constitution “is an invitation to struggle for the privilege of directing American foreign policy.”<sup>1</sup> Corwin’s dictum highlights two critical points about executive-legislative relations. First, both the president and Congress possess significant foreign policy powers. These powers overlap, laying the groundwork for conflict and competition. Second, the Constitution’s invitation to struggle is just that, an invitation. It by no means mandates that presidents and Congress will struggle to direct American foreign policy. Whether they do or not is a matter of politics and not of law.

Which branch of government holds the upper hand in directing foreign policy has changed substantially over the course of American history. Before World War II, Congress typically did. Americans of that era worried more about the dangers strong presidents might create than about the harm they might prevent. That changed when the United States faced first the Nazi, and then the Soviet, threat. Presidential power expanded, and congressional authority contracted, as Americans came to believe their security required presidents who could act decisively abroad. Vietnam shook that belief, leaving many Americans skeptical that an “imperial presidency” made them safer. Congress regained some of the ground it had ceded to the president as a result, but the balance of power remained in the president’s favor.

Today most Americans—and most members of Congress—still accept the idea that presidents should lead on foreign policy. As a result, Congress typically reacts to White House initiatives rather than launching its own. Members have strong political incentives to ignore foreign policy. After all, voters usually worry more about what is happening nearby than far

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<sup>1</sup> Edwin S. Corwin, *The President: Office and Powers, 1787-1957*, 5<sup>th</sup> rev. ed. (New York: New York University Press, 1984), p. 201.

away. That said, a mix of institutional, political, and personal factors can and do push members to tackle foreign policy issues. Congress has a constitutional responsibility to pass budgets and review how federal agencies operate. Challenging the White House on foreign policy can be a winning electoral strategy at times, especially when a president hails from the opposing party or his policies are seen to be failing. And for some members, foreign policy is their primary passion and reason for seeking a seat in Congress.

Congress can shape foreign policy in three main ways. First, it can pass (or block) laws that specify what U.S. foreign policy will be, such as who Americans can trade with or what weapons the Pentagon can buy. Second, it passes laws creating executive branch agencies and revamping how the executive branch operates. Here Congress calculates that changing who makes decisions and how they are made will change what decisions are made. Third, Congress can seek to change public opinion, and thereby potentially change the choices presidents make.

However Congress may seek to challenge presidents, activity doesn't guarantee success and inaction doesn't always indicate irrelevance. Factors ranging from whether the president's party controls Congress to the depth of the presidential commitment to the policy in question shape which end of Pennsylvania prevails when they struggle over foreign policy. Most broadly, Congress is most likely to succeed in putting its mark on foreign policy when it seeks to constrain presidential action and the Constitution requires presidents to get congressional approval before acting. Congress is far less likely to constrain presidents when they are free to act unless and until Congress stops them. And Congress is at its weakest when it tries to compel rather than constrain the White House. Presidents have ample ways to frustrate and ignore congressional calls to pursue new or different initiatives, a political reality that Donald Trump's presidency in particular has illustrated.

The potential for presidents and Congress to struggle over the direction of foreign policy complicates transatlantic relations. In a parliamentary democracy, prime ministers can set government policy with confidence. In the U.S. political system, however, Congress may block or overrule the president. Whether this uncertainty serves or hurts U.S. foreign policy and transatlantic relations more broadly lies in the eyes of the beholder. Anger at Congress's opposition to favored policies has to be balanced against gratitude for Congress's resistance to disfavored ones. What is clear, however, is that the struggle between the two ends of Pennsylvania Avenue will not abate any time soon.



## What the Constitution Does and Does Not Say

The Constitution assigns Congress numerous specific (or enumerated) foreign policy powers. Article I, Section 8 gives Congress the power to “provide for the common Defence,” “to regulate Commerce with foreign Nations,” “to declare war,” “to raise and support Armies,” and “to provide and maintain a Navy” among other authorities. Article 2, Section 2 states that the Senate must approve all cabinet and ambassadorial appointments by a majority vote, and that it must consent to all treaties by a two-thirds vote. Finally, Congress wields the power of the purse, that is, it must approve all government spending.

In contrast, the Constitution assigns few specific foreign policy powers to the president. Article 2, Section 2 designates the president “Commander in Chief of the Army and Navy of the United States” and specifies that, subject to the approval of the Senate, the president has the power “to make Treaties” and “appoint Ambassadors.” Article 2, Section 3 states that the president “shall receive Ambassadors and other public Ministers.” Presidents also hold general (and undefined) “executive power.”

As important as what the Constitution says is what it does not say. It says nothing about which branch has the authority to negotiate on behalf of the United States, decide when a war should be ended, terminate treaties, or declare neutrality, among other possible foreign policy powers. Although the Constitution makes the president commander in chief of the U.S. military, it does not define that power—or even describe it as a power at all.<sup>2</sup> And the Constitution says nothing about which branch should prevail when their powers conflict or when it is unclear which has the power to act.

The Constitution’s silences and tensions created problems almost immediately. In 1793, George Washington declared the United States neutral in the war between Great Britain and France. Questions immediately arose over whether he had exceeded his authority. James Madison and Alexander Hamilton, both of whom had served at the Constitutional Convention and who had (along with John Jay) written the Federalist Papers urging the Constitution’s adoption, disagreed on the answer. Madison insisted that presidents must give wide deference to Congress’s foreign

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<sup>2</sup> See Francis D. Wormuth and Edwin B. Firmage, *To Chain the Dog of War: The War Power of Congress in History and Law*, 2<sup>nd</sup> ed. (Urbana, Ill.: University of Illinois Press, 1989), chap. 7.

affairs powers. Hamilton countered that presidents should read those powers narrowly, as “exceptions out of the general ‘executive power.’”<sup>3</sup> These divergent readings of the constitutional design continue to echo in American foreign policy disputes more than two centuries later.

In theory, the courts could decide the boundaries between the foreign policy powers of Congress and the president. In practice, they have been reluctant to do so. They often dismiss co-called separation-of-powers cases in foreign policy on the grounds that they raise political and not legal questions, are not ripe for decision, or involve plaintiffs that have no legal standing to sue.<sup>4</sup> Even when the courts do decide cases, their holdings may be unclear. For instance, the Supreme Court’s famed 1936 ruling in the *Curtiss-Wright* case suggested that presidents have extraconstitutional powers in foreign policy.<sup>5</sup> Subsequent Supreme Court decisions disavowed that idea as contrary to the basic conception of the Constitution.<sup>6</sup> Nonetheless, executive branch lawyers regularly cite *Curtiss-Wright* to justify expansive presidential foreign policy powers.

Many of the silences in the Constitution have been filled in over the decades by case law and customary practice.<sup>7</sup> For instance, it is now well established that only the president can negotiate on behalf of the United States. Even so, the American constitutional design remains one in which the president and Congress have distinct powers but also ones that can overlap and conflict. This has created a system, as Richard Neustadt famously put it, of “separated institutions *sharing* power.”<sup>8</sup> One conse-

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<sup>3</sup> Quoted in Jean E. Smith, *The Constitution and American Foreign Policy* (St. Paul, Minn.: West Publishing, 1989), p. 52.

<sup>4</sup> See Thomas M. Franck, *Political Questions/Judicial Answers: Does the Rule of Law Apply to Foreign Affairs* (Princeton: Princeton University Press, 1992), and James M. Lindsay, “Is Operation Odyssey Dawn Constitutional? Part V,” <https://www.cfr.org/blog/operation-odyssey-dawn-constitutional-part-v>, April 5, 2011.

<sup>5</sup> *United States v. Curtiss-Wright Export Corporation*, 299 U.S. 304, 319 (1936).

<sup>6</sup> For example, Justice Robert Jackson wrote in his concurring opinion to the famed 1952 *Steel Seizure Case* that “much of the [*Curtiss-Wright*] opinion is dictum.” *Youngstown Sheet & Tube Co. v. Sawyer*, [4] U.S. 579, 636 n.2 (1952). Also Louis Fisher, “The Staying Power of Erroneous Dicta: From *Curtiss-Wright* to *Zivotofsky*,” *Constitutional Commentary*, 19 (2016), <http://scholarship.law.umn.edu/concomm/19>.

<sup>7</sup> The literature on the foreign policy powers of Congress and the president is vast. Among others, see Louis Fisher, *Constitutional Conflicts between Congress and the President*, 5th ed., rev. (Lawrence: University of Kansas Press, 2014); Louis Henkin, *Foreign Affairs and the United States Constitution*, 2d ed. (Oxford: Clarendon Press, 1996); and Michael D. Ramsey, *The Constitution’s Text in Foreign Affairs* (Cambridge: Harvard University Press, 2007).

<sup>8</sup> Richard E. Neustadt, *Presidential Power and the Modern Presidents: The Politics of Leadership from Roosevelt to Reagan* (New York: Free Press, 1990), p. 29.

quence of this constitutional design is that presidents and Congress frequently need the other's cooperation to accomplish their objectives. A prime minister, for instance, can decide what legislation a parliament will consider. Presidents, however, can only suggest which bills Congress should take up. Likewise, Congress may have strong opinions on how presidents should conduct diplomacy. It cannot, however, conduct negotiations itself.

A second consequence of the American constitutional design is that most executive–legislative disputes in foreign affairs do not turn on constitutional questions. To be sure, at times presidents can rightfully claim that Congress has exceeded its constitutional authority and vice versa. But most struggles over the direction of U.S. foreign policy turn on different visions of the national interest and of the effectiveness of specific policies, rather than on who has the power to act. As a result, understanding whether Congress and the president will clash on foreign policy and which side will prevail when they do requires leaving the realm of law and entering the realm of politics.

## **The Constitutional Struggle in Practice**

The balance of power on foreign policy between the two ends of Pennsylvania Avenue has varied over the course of American history. Before World War II, it tilted toward Congress. Notwithstanding George Washington's tussle with Congress over neutrality, early presidents generally deferred to congressional authority.<sup>9</sup> Congress so dominated foreign policy (and domestic policy for that matter) in the second half of the nineteenth century that the era has been called the era of "congressional government," "congressional supremacy," and "government-by-Congress."<sup>10</sup> When William McKinley asked Congress to declare war on Spain in 1898, he was catching up to, rather than leading, Capitol Hill.<sup>11</sup> The same was true nearly two decades later when a reluctant Woodrow

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<sup>9</sup> See Louis Fisher, *Presidential War Power* (Lawrence: University of Kansas Press, 1995), chaps. 1-2; Abraham D. Sofaer, *War, Foreign Affairs and Constitutional Power* (Cambridge, Mass.: Ballinger, 1976).

<sup>10</sup> See James M. Lindsay, *Congress and the Politics of U.S. Foreign Policy* (Baltimore: Johns Hopkins University Press, 1994), p. 15.

<sup>11</sup> See George C. Herring, *From Colony to Superpower: U.S. Foreign Relations since 1776* (New York: Oxford University Press, 2008), pp. 311-14.

Wilson finally asked Congress to declare war on Germany.<sup>12</sup> Two decades after that, Franklin Delano Roosevelt moved cautiously to confront the Nazi threat because many members of Congress feared he was dragging the country into a war they did not think it should fight and potentially might not win.<sup>13</sup> Only Japan's surprise attack on Pearl Harbor broke the back of isolationist opposition.

Congress held the upper hand in foreign policy in the century and a half before World War II for two reasons. The first was that foreign policy seldom figured prominently in American politics. Recognizing that the United States was a small and fragile country, Americans embraced George Washington's advice to stand apart from the affairs of Europe. Their energies were instead focused on taming a continent (and subjugating Native Americans). Second, presidents generally took a narrow view of their own powers. For instance, during his presidency James Madison once rejected a Senate move to authorize him to order the Navy to protect U.S. merchant shipping against attack as an unconstitutional delegation of congressional authority to declare war.<sup>14</sup> Not all pre-World War II presidents were as fastidious as Madison; James Polk provoked the Mexican-American war by sending U.S. troops into disputed border territory. But to a degree unimaginable today, they took a far narrower view of what the Constitution empowered them to do.

The balance of power shifted decisively in the president's favor after World War II. The threat posed by a nuclear-armed Soviet Union convinced the American public and members of Congress that only strong, decisive presidential power would keep the United States safe. The sentiment was so strong that some lawmakers openly wondered whether an eighteenth century constitution endangered the country.<sup>15</sup> In response, presidents eagerly pushed the boundaries of their powers.

Just how far the balance of power had shifted away from Congress became clear in 1950 when Harry Truman took the United States to war

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<sup>12</sup> See John Milton Cooper, *Woodrow Wilson: A Biography* (New York: Knopf, 2009), chap. 17.

<sup>13</sup> See Susan Dunn, *1940: FDR, Wilkie, Lindbergh, Hitler—the Election amid the Storm* (New Haven: Yale University Press, 2013), and Lynne Olson, *Those Angry Days: Roosevelt, Lindbergh, and America's Fight Over World War II, 1939-1941* (New York: Random House, 2014).

<sup>14</sup> Arthur M. Schlesinger, Jr., *The Imperial Presidency* (Boston: Houghton Mifflin, 1989), pp. 28-29.

<sup>15</sup> See, for example, J. W. Fulbright, "American Foreign Policy in the Twentieth Century Under an Eighteenth Century Constitution," *Cornell Law Review* 47 (Fall 1961), pp. 1-13.

in Korea without seeking Congress's authorization.<sup>16</sup> Over the next dozen years, Congress passed a succession of laws that gave presidents considerable statutory authority to conduct foreign policy as they saw fit. The willingness to defer to the White House was so ingrained that one senator complained in the mid-1960s that his colleagues reacted to even the most far-reaching presidential foreign policy decisions by "stumbling over each other to see who can say 'yea' the quickest and loudest."<sup>17</sup>

This imperial presidency came to a crashing halt in the early 1970s with the public's backlash against the Vietnam War. It has returned for brief moments since, most notably after the attacks of September 11, 2001, when a near unanimous Congress effectively voted for war but left it up to George W. Bush to decide on the enemy.<sup>18</sup> A year later, Congress voted overwhelmingly to authorize the invasion of Iraq, even though many lawmakers (and especially Democrats) privately doubted the wisdom of the idea.<sup>19</sup>

These examples notwithstanding, Congress has generally sought over the past half century to reclaim its say over foreign policy. It sought to do so in the immediate aftermath of Vietnam by repealing statutory authorities it had previously delegated to the executive branch and by trying to set boundaries on presidential authority. In doing so, however, Congress wasn't seeking to prevent presidents from acting abroad; rather it was seeking to prevent them from acting unwisely. That objective created a dilemma Congress has never solved: how to both empower and constrain the president at the same time.

Efforts to rein in presidential warmaking illustrate the problem. The sponsors of the 1973 War Powers Resolution, which Congress passed over Richard Nixon's veto, wanted to reassert Congress's traditional claim

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<sup>16</sup> See Dean Acheson, *Present at the Creation: My Years in the State Department* (New York: W.W. Norton, 1969), pp. 408-13.

<sup>17</sup> Quoted in James L. Sundquist, *The Decline and Resurgence of Congress* (Washington, D.C.: Brookings Institution, 1981), p. 125.

<sup>18</sup> Specifically, the 2001 Authorization to Use Military Force states that "the president is authorized to use all necessary and appropriate force against those nations, organizations, or persons he determines planned, authorized, committed, or aided the terrorist attacks that occurred on September 11, 2001, or harbored such organizations or persons." P.L. 107-40. Sept. 18, 2001, <https://www.congress.gov/107/plaws/publ40/PLAW-107publ40.pdf>.

<sup>19</sup> See James M. Lindsay, "The Shifting Pendulum of Power: Executive-Legislative Relations on American Foreign Policy" in James M. McCormick, ed., *The Domestic Sources of American Foreign Policy: Insights and Evidence*, 6<sup>th</sup> ed. (Lanham, Md: Rowman and Littlefield, 2012), p. 223.

to that only it could declare war. They recognized, however, that insisting that presidents receive congressional approval before initiating the use of military force could be dangerous; perils might multiply before Congress said yes. So they gave presidents up to ninety days after initiating hostilities to gain that approval. But that effectively empowered presidents to initiate force and dare Congress to stop them. The U.S. air war against Serbia in 1998 and the air war against Libya in 2011 showed that Congress finds it politically difficult to do so, even when majorities of lawmakers oppose administration policy. More recently, congressional efforts to replace the 2001 Authorization to Use Military Force, which successive administrations have pointed to as part of the legal basis for U.S. military operations against the Islamic State and al-Qaeda in the Arabian Peninsula even though neither group existed at the time, have foundered in part because of disagreements over how to write legislation that won't produce perverse unintended consequences.

Thus, while the imperial presidency has faded, the general balance of power continues to favor presidents. Take the case of trade policy. The U.S. Constitution explicitly lodges the power to regulate trade with Congress. As a result, Congress can block presidents from initiating new trade negotiations by refusing to grant the White House trade promotion authority. In this legislative vehicle, Congress agrees to hold a straight up-or-down vote on any trade agreement the president negotiates provided that the deal meets objectives that Congress specifies. Over the years, however, Congress has passed a variety of laws that delegate vast authority to presidents to interpret and enforce *existing* U.S. trade deals. Presidents can impose tariffs and quotas, suspend foreign commerce, freeze foreign assets, and even rip up trade agreements without having to get Congress's consent.<sup>20</sup>

The presidential advantage is aided by the fact that presidents generally read their constitutional and statutory powers broadly. They also regularly use the advantages of "decision, activity, secrecy, and dispatch" that Alexander Hamilton hailed long ago to seize the initiative to try to create political and diplomatic conditions that will force Congress to follow their lead.<sup>21</sup> This tilt toward the White House will persist as long as law-

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<sup>20</sup> See Gary C. Hufbauer, "As President Trump Can Shackle Trade, But Will He?" Peterson Institute for International Economics, January 5, 2017, <https://piie.com/blogs/trade-investment-policy-watch/president-trump-can-shackle-trade-will-he>.

<sup>21</sup> Alexander Hamilton, "Federalist No. 70," in Alexander Hamilton, James Madison, and John Jay, *The Federalist Papers*, ed. Garry Wills (New York: Bantam Books, 1982), p. 356.

makers, and the broader public, believe that America's security is best served by having a president who can act without first having to get permission from Congress.

## **Incentives for Congress to Join the Struggle**

To say that Congress can contest foreign policy is not to say it necessarily will. Domestic issues figure far more prominently in why members are elected. To the extent that voters see foreign affairs as a presidential prerogative, lawmakers have reason to ignore events overseas. When Congress does turn to foreign policy, its actions are driven by a mix of institutional, political, and personal incentives.

Congress's institutional incentives stem from its constitutional responsibilities. The Senate, for instance, is charged with providing its advice and consent to treaties. More broadly, the U.S. government cannot spend monies unless appropriated by law. As a result, Congress has an extensive committee system that reviews the budgets and operations of federal agencies, a process commonly referred to as congressional oversight. The House and Senate Appropriations committees, the House and Senate Armed Services committees, the Senate Foreign Relations Committee, the House Foreign Affairs Committee, and the House and Senate Intelligence committees are the most obvious congressional overseers of foreign policy. However, because events overseas affect virtually every issue, almost every congressional committee can claim jurisdiction over some slice of foreign policy. The House Ways and Means Committee and the Senate Finance Committee have jurisdiction over trade policy, the House and Senate Finance committees oversee contributions to the International Monetary Fund, and the House and Senate Agriculture committees oversee commodity-export programs. The normal course of discharging these appropriations and oversight duties provides multiple opportunities for discord and disagreement between Congress and the president.

Politics also shapes Congress's involvement in foreign policy. As much as Americans love to say that politics stops at the water's edge, it doesn't. The desire to win reelection encourages members of Congress to follow their constituents' sentiments on whether the president's foreign policies are succeeding or failing. It's unsurprising that Congress endorsed George W. Bush's policies in the wake of 9/11 and challenged them as the U.S. death toll in Iraq mounted. Of course, each member's constituency is made up of many groups. Members may respond to what they are hearing

from average voters, business leaders, union heads, ethnic groups, public interest lobbies, or financial supporters, among others. Members also respond to calls for party loyalty, calls that have become harder to ignore as political polarization has intensified in the United States. Partisanship explains why both George W. Bush and Barack Obama found it harder to lead after their parties lost control of Congress during their terms in office. Partisanship also explains why most Republican members of Congress attacked Obama's proposed airstrikes against Syria in 2013 but hailed Donald Trump's airstrikes on Syria four years later.<sup>22</sup>

Last, congressional activity in foreign affairs reflects the personal judgments and passions of individual members. Many if not most lawmakers have only passing interest in foreign policy. For some, though, it's a personal priority. Senators John McCain (R-AZ) and Lindsey Graham (R-S.C.) are classic examples. Personal passions matter most when they are held by senior lawmakers who can command committee or institutional resources to push their agendas (McCain, for instance, chairs the Senate Armed Services Committee.) At the same time, the nature of events overseas may override partisan differences and generate a groundswell of agreement on the need to act. Congress's vote in 2012 to pass the Magnitsky Act to punish Russian officials implicated in the death of a Russian accountant in a Moscow prison and its vote in 2017 to toughen sanctions on Russia in retaliation for Moscow's interference in the U.S. presidential election offer two examples.

## How Congress Can Set Foreign Policy

Congress can influence foreign policy in three ways: by its decisions on substantive legislation; by its decisions on procedural legislation; and by shaping public opinion.<sup>23</sup>

With substantive legislation Congress specifies the content of American foreign policy. The most common vehicle Congress uses to do so is appropriations. Dollars are policy, and presidents cannot spend money unless Congress appropriates it. Thus, by funding some programs and not others, Congress can impose its preferences, as it did in early 2017 by declining

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<sup>22</sup> Jennifer Steinhauer, "G.O.P. Lawmakers, Once Skeptical of Obama Plan to Hit Syria, Back Trump," *New York Times*, April 7, 2017, <https://www.nytimes.com/2017/04/07/us/politics/syria-bombing-republicans-trump.html>.

<sup>23</sup> See Lindsay, *Congress and the Politics of U.S. Foreign Policy*, op. cit., chaps. 4-6.



to appropriate funds Donald Trump had requested to begin building a wall along the U.S.-Mexican border.<sup>24</sup> Congress can similarly specify the substance of foreign policy by regulating foreign trade, as it did by toughening sanctions on Russia in 2017. The Senate can specify the substance of foreign policy by approving treaties, as it did with the New START Treaty in 2011; rejecting them, as it did with the Comprehensive Test Ban Treaty (CTBT) in 1999; or ignoring them, as it has done with the UN Convention on the Law of the Sea (UNCLOS) since 1982.

Congress can also influence foreign policy by passing (or refusing to pass) laws that create (or abolish) government offices and agencies and that dictate the procedures the executive branch uses to make decisions. Efforts to pass such procedural legislation rest on the premise that changing who makes decisions and how those decisions are reached will change what decisions get made. In 1976 Congress created the Helsinki Commission to elevate the importance of the Helsinki Accords in U.S. foreign policy, and in 1998 it created the position of the ambassador-at-large for international religious freedom to give more prominence to the persecution of religious minorities. Likewise, Congress has passed laws requiring the executive branch to consult with a range of consumer, industry, and labor groups whenever it negotiates a trade agreement. With these and other procedural innovations, members of Congress seek to increase the likelihood that the executive branch will address issues that matter to them.

The third way Congress can influence foreign policy is by changing public opinion. When public opinion changes, presidential policies frequently do as well. Here Congress, or more accurately individual members of Congress, seek to shape policy by pressuring presidents to change course. Thus, in 2014 and 2015, members of Congress opposed to the Iran nuclear negotiations used hearings, speeches, TV appearances, op-eds, and tweets in a (failed) bid to discourage President Obama from concluding a deal. Much the same thing happened in 2017 after President Trump failed to affirm his commitment to Article V of the North Atlantic Treaty at the May 2017 NATO summit. Members of Congress on both sides of the aisle denounced the omission in the (successful) hope that their criticism would persuade Trump to change course. All such efforts

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<sup>24</sup> Burgess Everett, John Bresnahan, and Sarah Ferris, "Congress Strikes Budget Deal that Shortchanges Trump," Politico.com, May 1, 2015, <http://www.politico.com/story/2017/04/30/budget-deal-congress-shutdown-237822>.

share a common goal—to set the terms of debate in ways that increase support for some policy options and decrease support for others.

### **Activity Doesn't Guarantee Influence, Inactivity Doesn't Necessarily Mean Irrelevance**

The connection between congressional activity and congressional influence on foreign policy is not direct. Congressional challenges to presidential authority may change nothing. For instance, in 2007 Congress voted to withdraw U.S. troops from Iraq. President Bush vetoed the bill, however, and surged more troops into the country. Conversely, congressional *inactivity* may be consequential. Presidents generally anticipate congressional reactions and avoid initiatives that will be dead on arrival on Capitol Hill. The Obama administration, for example, hoped to persuade the Senate to vote to approve UNCLOS and CTBT. It abandoned both efforts because it did not have the necessary votes.

Many factors influence who prevails when Congress and the president take up the Constitution's invitation to struggle. These include the president's popularity, the depth of his commitment to the policy in question, whether his policy is seen to be working, and whether his party controls either or both houses of Congress. The single most important factor, though, is whether Congress wants to constrain the president or compel him to act.

Congress is best positioned when it seeks to constrain presidents. Its likelihood of success depends on the specific constitutional rules governing the issue in contention. Congress's bargaining leverage is strongest when the president needs its consent to act, as is the case with appropriations, new trade agreements, and treaties. In these situations, nothing happens unless and until Congress agrees to pass legislation. But it may refuse to even hold a vote. The Republican-controlled Congress, for instance, ignored President Obama's call for a vote on the Trans-Pacific Partnership (TPP). Even if congressional leaders agree to hold a vote, presidents may face daunting odds of success. The congressional legislative process is relatively open, providing multiple veto points that individual members, committee chairs, and congressional leaders can use to derail a bill. Moreover, while a simple majority is sufficient to pass legislation in the House, passing legislation in the Senate typically requires a supermajority. That's because longstanding Senate rules allow senators to block most legislation by filibustering it. Filibusters can be broken only if at least sixty senators

agree to end debate. The threshold to pass a treaty, a process from which the House is excluded, is even higher: two-thirds of senators must vote affirmatively. Because passing laws can be so difficult, presidents have strong incentives to agree to, and their congressional opponents have opportunities to demand, concessions in pending legislation. This gives Congress significant leverage to shape policy more to its liking.

Conversely, Congress is less likely to constrain presidents when they are free to act (or are seen as being free to act) unless Congress stops them. Here the burden of overcoming the many obstacles to passing a bill switches to lawmakers. Even if they succeed, the president will likely veto their handiwork. Congress can, of course, override a presidential veto. Congress did just that in 2016 with the Justice Against Sponsors of Terrorism Act (JASTA), which allowed lawsuits to proceed against Saudi Arabia for its alleged complicity in the September 11 attacks. And in 2017 President Donald Trump declined to veto a bill he opposed that tightened sanctions on Russia because Congress was certain to override it.<sup>25</sup> But these examples are exceptions rather than the rule. JASTA was the first time that Congress overrode a presidential foreign policy veto since it overrode Ronald Reagan's veto of comprehensive trade sanctions against South Africa in 1985.

In turning back congressional efforts to constrain them, presidents often use the Constitution's ambiguities to their advantage. Take the showdown between Congress and President Obama in 2015 over the Iran nuclear deal. Opponents argued it should be handled as a treaty. That meant that the deal could not go into effect unless the two-thirds of the Senate voted for it. Recognizing that the Republican-controlled Senate would not give its consent, Obama insisted the deal was an executive agreement. Executive agreements are legally binding, like treaties, but can be executed on the president's sole authority. The Constitution says nothing about which matters must be treated as treaties, and the courts have never settled the matter. In the end, Obama's position carried the day. This shifted the burden of stopping the deal to Congress. Unable to force the issue onto favorable legislative terrain, congressional opponents accepted a measure creating an opportunity to vote to disapprove the deal. But that resolution could be vetoed. As it turned out, Obama did not have

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<sup>25</sup> See Nicole Gauette and Jeremy Herb, "White House: Trump to Russia Sanctions Bill," CNN.com, July 29, 2017, <http://www.cnn.com/2017/07/28/politics/white-house-russia-sanctions/index.html>.

to wield his veto pen. Democrats blocked the resolution of disapproval from coming to a vote in the Senate.<sup>26</sup>

Presidents can also use their responsibility to implement policy to frustrate congressional attempts to constrain them. Beginning with Ronald Reagan, presidents have increasingly issued so-called signing statements to signal their disagreement with elements of laws they have signed. Thus upon signing the Russian sanctions bill, President Trump stated: “In its haste to pass this legislation, the Congress included a number of clearly unconstitutional provisions.”<sup>27</sup> The constitutional validity of signing statements is dubious—the Constitution says nothing to indicate that presidents can ignore parts of the bills they sign and the American Bar Association has called signing statements “contrary to the rule of law and our constitutional system of separation of powers.”<sup>28</sup> But their use highlights a practical political reality: Congress relies on the executive branch to implement policies, and administrations can use their discretion to skirt congressional directives.

As hard as it is for Congress to constrain the president when the constitutional rules favor the president, Congress finds it even harder to compel presidents to act. Part of the problem is that some powers crucial to the conduct of foreign policy lie beyond its reach. Presidents alone decide when U.S. treaty commitments like NATO’s Article V come into effect. They alone decide with whom to negotiate, what negotiations will cover, and whether a deal has been reached. They can terminate treaties without the input of either the Senate or Congress. And they alone speak for the United States in deciding what leaders or events overseas to condemn or to praise. Thus, members of Congress who believed that President Obama should have done more to stop the Syria civil war confronted an intractable problem. They could hold hearings, give speeches, and cast sense-of-Congress resolutions, thereby raises the political costs to Obama of inaction. But they couldn’t force him to change his mind.

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<sup>26</sup> Jennifer Steinhauer, “Democrats Hand Victory to Obama on Iran Nuclear Deal,” *New York Times*, September 10, 2015, <https://www.nytimes.com/2015/09/11/us/politics/iran-nuclear-deal-senate.html>.

<sup>27</sup> “Statement by President Donald J. Trump on the Signing of H.R. 3364,” The White House, August 2, 2017, <https://www.whitehouse.gov/the-press-office/2017/08/02/statement-president-donald-j-trump-signing-hr-3364>.

<sup>28</sup> “Signing Statements Contrary to Separation of Powers, Says ABA,” American Bar Association, January 3, 2012, [https://www.americanbar.org/news/abanews/aba-news-archives/2013/08/signing\\_statementsc.html](https://www.americanbar.org/news/abanews/aba-news-archives/2013/08/signing_statementsc.html).

The flip side of the challenge is that many of Congress's foreign powers are inadequate to force presidents to pursue policies they oppose. James Madison hailed the appropriations power as "the most compleat and effectual weapon with which any constitution can arm the immediate representatives of the people."<sup>29</sup> But that presumes presidents want to spend money; the power of the purse quickly becomes incomplete and ineffectual when faced with a president willing to return funds unspent to the U.S. Treasury. Likewise, the Senate's treaty power becomes irrelevant if a president isn't interested in negotiating one.

The fact that Congress is at its weakest trying to compel presidents to act could prove significant during the Trump presidency. Discussions about executive-legislative relations on foreign policy typically presume that presidents wish to do *more* abroad than Congress prefers. President Trump, however, might try to do *less* than Congress wants. He has been ambivalent about the value of American alliances, hostile to trade agreements, and skeptical of the value of promoting American values overseas.

Congress got a glimpse of the challenges it might face early in Trump's presidency. Nine months into his term, he had nominated far fewer people to fill senior foreign policy across his administration than his predecessors had at the same point in their presidencies. In particular, he had named nominees for just nine of the top thirty-one positions in the State Department. In a testament to the limits of the appropriations power, his administration declined to spend \$80 million Congress had appropriated to fund efforts to counter propaganda campaigns by ISIS and Russia.<sup>30</sup> He also decertified Iranian compliance with the 2015 Joint Comprehensive Plan of Action (JCPOA) and left it to Congress to decide how the United States should handle the nuclear deal. He took this step even though he could have ended or conditioned U.S. participation in the agreement on his own authority. Trump also raised doubts about how he would interpret U.S. alliance commitments, suggested he would withdraw from NAFTA and other trade agreements, and made clear he would not champion America's democratic values overseas. Congressional opponents of these actual and potential policy moves criticized Trump, but they had no easy way to compel him to hew to their preferred policies.

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<sup>29</sup> James Madison, "Federalist No. 70," in *Federalist Papers*, 297.

<sup>30</sup> Nahal Toosi, "Tillerson Spurns \$80 Million to Counter ISIS, Russia Propaganda," Politico.com, August 2, 2017, <http://www.politico.com/story/2017/08/02/tillerson-isis-russia-propaganda-241218>.

This is not to say that Trump will always get his way on foreign policy. Congress overruled him on Russia sanctions and it will likely significantly revise his budgetary plans. But if America First means doing less abroad rather than more, Congress will discover how ineffectual its foreign policy powers can be.

## Implications for Transatlantic Relations

The U.S. Constitution's invitation to presidents and Congress to struggle over the direction of foreign policy injects uncertainty and friction into transatlantic relations. To be sure, it is not the only source of tension between the United States and its allies, and it is likely far from the greatest. The sometimes seismic shifts in U.S. policy as one presidency gives way to another probably creates more tension, as the transition from Jimmy Carter to Ronald Reagan, from Bill Clinton to George W. Bush, and from Barack Obama to Donald Trump all attest. Nonetheless, the fact that a president and Congress may diverge over America's policy priorities can complicate transatlantic cooperation.

Presidents sometimes use the Constitution's invitation to struggle to extract concessions from others or to dodge their demands. When congressional opposition is plausible, presidents can engage in good cop-bad cop tactics. They can argue that unless America's partners do more, Congress will block action. Knowing that Congress might indeed say no, America's partners may revise their positions. President Trump appeared to be trying just this gambit with his decision to decertify Iranian compliance with the JCPOA. Of course, the good cop-bad cop dynamic flows the other way as well. Presidents who don't want to heed allied calls to act many times can blame Congress for their inaction, as President Obama often did when faced with calls to do more in the Middle East.

More often, however, the struggle between presidents and Congress reflect genuine differences over what constitutes good policy rather than strategic calculations. When the two branches genuinely disagree, Congress is probably less sensitive than presidents to how their policy preferences might strain transatlantic relations. Presidents have to balance multiple foreign policy priorities. Members of Congress don't. It's unsurprising, then, that Congress has been more enthusiastic than the White House about asserting U.S. laws extraterritorially, over the objections of U.S. friends and allies, as it has done with the Iran-Libya Sanctions Act,

the Helms-Burton Act, and other sanctions legislation.<sup>31</sup> Likewise, early versions of the legislation Congress drafted in 2017 to toughen sanctions on Russia would have harmed European companies involved in Russia pipeline projects while possibly benefiting American natural-gas exporters. The legislation was revised before final passage to address these concerns, though perhaps not far enough in the eyes of many Europeans.<sup>32</sup> In addition, it should be noted that because the West's economic and security systems are so deeply integrated, Congress can also inject tensions into transatlantic relations when it legislates on matters that U.S. lawmakers would consider domestic policy.

Whether the struggle between presidents and Congress over foreign policy benefits or harms transatlantic relations on balance is debatable. America's friends and allies tend to be delighted when Congress opposes policies they dislike and angered when it resists policies they support. In that respect, their attitude toward Congress mirrors that of a former U.S. national security official who wrote, "I have been a 'strong president man' when in the executive branch and a 'strong Congress man' when out of the government in political opposition."<sup>33</sup> What isn't debatable is that however the transatlantic community may assess the merits of the U.S. political system, Congress and the president are destined to continue their centuries-old struggle for the privilege of directing American foreign policy.

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<sup>31</sup> See among others, Joy Gordon, "Extraterritoriality: Issues of Overbreadth and the Chilling Effect in the Cases of Cuba and Iran," *Harvard International Law Journal Online* 57 (January 2016), pp. 1-12, [http://www.harvardilj.org/wp-content/uploads/January-2016\\_Vol-57\\_Gordon.pdf](http://www.harvardilj.org/wp-content/uploads/January-2016_Vol-57_Gordon.pdf).

<sup>32</sup> See Michael Birnbaum, "U.S. Lawmakers' Attempt to Handcuff Trump on Russia Could Backfire, Europe Says," *Washington Post*, July 26, 2017, [https://www.washingtonpost.com/world/europe/eu-warns-congress-russia-sanctions-effort-could-backfire/2017/07/25/79329f10-7140-11e7-8c17-533c52b2f014\\_story.html](https://www.washingtonpost.com/world/europe/eu-warns-congress-russia-sanctions-effort-could-backfire/2017/07/25/79329f10-7140-11e7-8c17-533c52b2f014_story.html), and Yasmeen Serhan, "Why Europe Opposes America's New Russia Sanctions," *Atlantic.com*, August 2, 2017. <https://www.theatlantic.com/international/archive/2017/08/why-europe-opposes-the-uss-new-russia-sanctions/535722/>.

<sup>33</sup> John Lehman, *Making War: The 200-Year-Old Battle between the President and Congress over How America Goes to War* (New York: Scribner, 1992), p. xii.





## *Chapter 8*

# **Foreign Policy-Making in the European Union: How the Political System Affects the EU's Relations with the United States**

*Teija Tiilikainen*

The EU's decision-making in external relations can be approached as a multilevel system. In this policy field, the key actors are still the member states, each of which has its own strong national identity and historical experience. The member states affect common EU policy through their roles both in the European Council and Council—the first being composed of the member states' heads of states and the latter of members of government—as well as through various informal fora. Their positions and policy lines are influenced by various domestic and international drivers.

At the same time, the roles of the major EU institutions—the European Commission, the European Parliament (EP) and the European Court of Justice (ECJ)—have grown stronger partly because of their strengthened authority, or competence, particularly in the EU's external economic relations and its trade policy. Time has also played a role: it is more than twenty years since the common foreign and security policy (CFSP) and its instruments were established in the Maastricht Treaty. Since that time, the policy has extended its reach and now covers a wide range of fields in international politics. The more firmly the common policy is rooted in earlier decisions and existing policy lines, the less room the member states have to maneuver or to renegotiate.

A third factor affecting the role of the EU institutions is the level of discord among the member states about foreign policy issues. Sometimes a major deadlock, in particular among the large member states, may increase the chances of EU institutions agreeing to a compromise on the issue in question. The recently strengthened position of the European Commission in the EU's defense policy is a prominent example of this. By using its competencies in industrial policy, as well as in research and innovation, the Commission has succeeded in establishing a leadership role in common defense policy and promoting cooperation among member states, which has long suffered from principled controversies among member state governments.

This chapter assesses the role played by the EU's institutional set-up in its foreign-policy-making and in transatlantic relations as a part of it. I argue that the role of the common EU institutions in economic and trade relations is decisive in the formulation of the Union's policy. The key driving forces affecting the positions of EU institutions differ from those influencing member state positions. I offer a general presentation of the EU's decision-making system in external relations in the next section, after which I turn to the EU's external economic and trade policy and the role played by institutional and personal factors. In this part, as well as in the subsequent analysis of the common foreign and security policy, I use some case studies to illustrate how the substance of decisions taken reflects the configuration of institutional and personal factors behind them.

### **How the EU Makes Decisions on External Policies**

In terms of decision-making, and for reasons emanating from the Union's history, the EU's external relations are split between two quite different areas. When it was established in the 1950s, the focus of the European Community, the forerunner of the current EU, was on economic integration, which is why external economic relations were included among the initial community competencies.<sup>1</sup> These competencies were extensive because a common trade policy was a necessary aspect of the customs union that had been established. Another major field of external relations dealt with association agreements that the European Community was entitled to conclude with third states. These covered a wide range of issues, including those related to development policy. From the beginning, these and some other fields of external relations were subordinated to the main system of decision-making that had been established, according to which the Commission represented the European Community in its external relations and also negotiated treaties and agreements on behalf of the member states. The role of the European Parliament in these policy fields was minor at first, but has grown significantly over the years.

The initial form of the current common foreign and security policy, termed political cooperation, only became part of the integration project during the 1970s and—due to the opposition of the UK and some smaller

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<sup>1</sup> See e.g. Charlotte Bretherton and John Vogler, *The European Union as a Global Actor* (London: Routledge, 2006), pp. 63-69; I. MacLeod, I.D. Hendry, and Stephen Hyett, *The External relations of the European Communities* (Oxford: Clarendon Press, 1996), pp. 44-53.

member states—remained as informal cooperation until the late 1980s.<sup>2</sup> For a long time, these countries were intent on keeping foreign policy cooperation in the hands of the member states, and on denying any role to EC/EU institutions.

This separation gradually broke down, however, as the Maastricht Treaty transformed foreign policy cooperation into a *common* foreign and security policy with more ambitious goals. It became a fundamental part of the then-established EU, even if still more dominated by the member states than the external economic policy.

The most recent amendments made to the EU treaties have contributed to this development and have normalized the CFSP with respect to other policy fields. The Lisbon Treaty that came into effect in 2009 established a double-hatted High Representative of the Union for Foreign Affairs and Security Policy, and a specific European External Action Service (EEAS) to bring together the two fields of external relations under a single EU representative and administration. This and many other changes served to enhance the unity of the EU's approach to global politics. Unanimity still maintained its role as the key decision-making rule for the CFSP. However, pressure has been growing to introduce majority decision-making, which in an EU with 28 (soon 27) member states would seem to better safeguard the Union's efficiency. This change may well see daylight soon, since its most ardent opponent, the UK, is leaving the EU.

## **The Driving Forces of EU Policy**

The background behind the positions and preferences of EU institutions on issues of external policy differs from that of member states. On the one hand, EU institutions derive their competencies from the EU's founding treaties, which, particularly in the case of the Commission and the EU Court of Justice, also affect their goals for action. In most international negotiations the Council provides the Commission with a mandate, and its position is adopted by a consensus among the member states.

The Commission's room for maneuvering varies significantly, depending on the nature of the agreement to be negotiated. In most cases of external policy, however, the success of the Commission's position in the

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<sup>2</sup> It was only in the Single European Act, which came into force in 1987, that political cooperation was added to the European Community's framework treaty.

later stages of decision-making depends on the support it gets from the member states (in the Council) and the European Parliament. The Commission's positions on issues of external economic relations thus reflect this general background, although more detailed personal and bureaucratic factors also play a role. The establishment of the function of High Representative of the Union for Foreign Affairs and Security Policy, and of the external action service as its administrative body, for instance, affected the relationship between the Commission and the Council (and the member states) in many fields of external policy. Both incumbents of this position of High Representative, Catherine Ashton and Federica Mogherini, have left their fingerprints on the content and foci of the EU's external policies.

The strengthened role of the European Parliament in the Union's external economic policy, and in particular its trade policy, has highlighted the influence of party politics. Traditional ideological left-right divisions have characterized the formulation of the EP's positions on the Union's free-trade agreements, to which it currently must give its consent.<sup>3</sup> The European Parliament has also systematically pursued openness and transparency in external relations, which will be beneficial for its own role, too.

When it comes to EU member states' positions on issues of external policy, Europeanization theory provides a good analytical framework. Europeanization in its broad sense refers to the interaction taking place between the two levels of the EU system, that of the member states and that of the EU.<sup>4</sup> The common starting point is the member-state level, where foreign policy preferences are perceived as a merger of long-term national interests and preferences with more context-bound factors such as worldviews of foreign policy leaders or the outcomes of bureaucratic rivalries. Europeanization is not merely a bottom-up process. It also moves in a top-down direction, the member states' identities and interests being, at the outset, influenced by the dense network of norms and expectations on the EU level. Member state goals and preferences on issues of external relations thus appear to emerge out of the interplay between the two levels.

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<sup>3</sup> Lore Van den Putte, Ferdi De Ville and Jan Orbie, "The European Parliament's New Role in Trade Policy: Turning power into impact," *CEPS Special Report*, No. 89 (2014).

<sup>4</sup> On the theory of Europeanization, see Kevin Featherstone and Claudio M. Radaelli, eds., *The Politics of Europeanization* (Oxford: Oxford University Press 2003) or Klaus H. Goetz and Simon Hix, eds., *Europeanised Politics? European Integration and National Political Systems* (London: Frank Cass, 2001).

I next analyze the two dimensions of the EU's external policies in more detail, with specific reference to the impact of institutional factors on policy content. I first investigate the EU's external economic relations and trade policy through case studies that illustrate the usual institutional setup in this field with its impact on policy. I then adopt a similar case-study approach to analyze the institutional and personal factors behind some major CFSP decisions.

## **The EU's Policy on Economic Affairs and Trade**

It is obvious that the Commission and the European Parliament exert their powers in the EU's external economic policy in parallel with—and many times with superiority over—the member states. The examples below concern the external dimension of the EU's competition policy and the Union's trade policy, both of which are of significance for transatlantic relations.

### ***Competition Policy***

The EU's competition policy provides a prominent example of a policy field in which primary competence has been transferred to the Commission, which acts independently of the member states. Its action in preventing cartels and anticompetitive behavior in the Single Market is internally directed, but has major external ramifications.

The EU's competition policy has assumed great importance in the area of transatlantic relations in recent decades, as the Commission has exerted its powers over a number of U.S. companies by blocking mergers and imposing fines for monopolistic practices, for instance.<sup>5</sup> EU member states do not normally become involved in the Commission's action, which is rather seen in the light of the Commission implementing legislation that represents the common will of the member states: indeed, this is how it came into being.

The Commission's strong role has recently become a target of exceptional political criticism, having been challenged by the U.S. Treasury.<sup>6</sup> The U.S. position concerns the Commission's policy toward companies such as Google, Amazon and Starbucks, which it investigated concerning

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<sup>5</sup> See Bretherton and Vogler, *op. cit.*, p. 71.

<sup>6</sup> U.S. Department of Treasury, White Paper, August 24, 2016.

their taxation in a number of EU countries. The Commission argued that the taxation practices of some member states could imply illegal state aid and thus be in conflict with the Union's competition rules. The political disagreement between the U.S. Treasury and the Commission has recently focused on whether the Commission's interpretation of taxation practices is in line with its earlier practices and EU case law, and even whether it is compatible with current international law.

The common view within the EU institutions, and among its member states, however, is that the Commission has neither violated international law nor exceeded its powers. The Commission has consequently continued the process and has, for instance, referred Ireland to the European Court of Justice for failing to recover illegal state aid from Apple, reflecting its earlier decision. Even if competition policy could be seen as quite an unusual field of the EU's external relations with respect to the logic of policy formulation represented, it still illustrates what the multi-level decision-making system means in cases of extreme independence among common EU institutions.

### *Trade Policy*

The most visible and powerful actors in the EU's trade policy are currently the European Commission and the EP, which dominate the treaty-making process, thus leaving the member states in the background. The Commission's right to initiate new legislation also applies to trade agreements, which it is entitled to initiate from the EU's side. Whereas previously the Commission interacted with the Council, which mandated it to negotiate, currently it also increasingly has to accommodate the opinions of the European Parliament, whose consent is needed for final agreement.

The new position in trade policy provided the EP with a much-longed-for prerogative in the Union's external relations, and it has been keen to use its mandate to strengthen its visibility and profile. Thus far the EP has adopted a more protectionist policy towards the Union's free-trade issues than both the Commission and the majority of EU member states. This has led to the rejection of major agreements such as the Anti-Counterfeiting Trade Agreement (ACTA) and SWIFT agreement with the United States, as well as exertion of pressure to amend the Commission's negotiating mandate with regard to the EU-Morocco free trade agreement.

Negotiations on the Transatlantic Trade and Investment Partnership (TTIP), a comprehensive free trade agreement between the EU and the

United States, exemplify the role of EU institutions in transatlantic relations. The process (thus far) could be described as a general balancing act to reconcile the interests of key EU institutions and the member states, with different alliances among them forming at different stages of the negotiations. The Commission has acted as the engine of the TTIP project on the EU's side, keeping the liberal trade agenda on track irrespective of mounting criticism in the member states and the EP. The EP's generally positive approach to this agreement has nonetheless been more protectionist than the position of the Commission and the majority of member states, and has reflected the special interests of some European constituencies in particular. For example, the EP exerted its influence on the negotiating mandate by siding successfully with a minority of member states, against the Commission, to exclude audio-visual services.<sup>7</sup> Later, the EP—reflecting similar demands emerging in many member states—opposed the inclusion of an investor-state dispute-settlement clause including an arbitration system in the agreement, and requested many substantive guarantees, such as the protection of national public services and of the EU's human-rights standards. The Commission had to react, proposing the creation of a bilateral investment court system, for instance.<sup>8</sup>

After fifteen rounds of negotiations, the TTIP process was put on hold after the change of president in the United States, and has not been resumed thus far. Whenever it continues, the EP will—like the Council—formulate positions on the issues on the agenda and will have to approve the final agreement before it can be ratified by the EU.

## **The Common Foreign and Security Policy**

A few case studies on important CFSP decisions shed light on the variety of factors that play a role in the EU's foreign policy decision-making. Irrespective of the unanimity among member states required for all key CFSP decisions, there have been significant cases in which a strong majority—with the firm support of EU institutions—has been enough to enable the EU to adopt a strong common policy. All the cases presented

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<sup>7</sup> See, for example, Van den Putte, De Ville and Orbie, *op. cit.*

<sup>8</sup> Davor Jancic, "The Role of the European Parliament and the US Congress in Shaping Transatlantic Relations: TTIP, NSA Surveillance and CIA Renditions," *Journal of Common Market Studies*, Vol 54:4 (2016), pp. 896-912.

below have an important transatlantic dimension even if the focus is not on the relationship itself.

### *Kosovo*

The EU's policy on Kosovo is a good example of a case in which a strong common position among the majority of EU member states and the EU institutions led to the unanimity rule being circumvented. The fact that five of the EU's member states (Greece, Cyprus, Romania, Slovakia, and Spain) have not thus far recognized Kosovo's independence, which it declared in 2008, has made it impossible to formally formulate a common EU position on issues pertaining to the status of Kosovo.<sup>9</sup> The EU's solution has been to take a status-neutral approach towards Kosovo—to keep its members behind a common policy—but still to take decisions that at least *de facto* imply its recognition. The complicated international background of this policy is beyond the scope of this chapter, but a decisive factor behind it was the EU's willingness to align itself with the United States in this major international dispute.

Lack of unanimity did not prevent the EU from launching a contractual relationship with Kosovo in the form of a Stabilization and Association Agreement (SAA), which was concluded in 2015. The political function of SAA agreements is to encourage countries to carry out the necessary reforms required to gain the status of a candidate for EU membership. The EU was able to take this political step by formally maintaining its status-neutral approach and, instead of following the normal procedure of member-state signature and ratification, carrying out this process at the EU Council level.

This instance of creativity in the context of SAA was not the first time the EU had to adopt a special approach to Kosovo. A corresponding situation emerged in 2008, when the Union decided to launch its largest-ever civilian mission (EULEX) there. Similar difficulties were encountered in the process of defining the mandate for the mission—and the EU's representation in Kosovo for that mission—as the Union could not build its activities on the formal independence of Kosovo. Nevertheless, these difficulties did not prevent the EU from launching its major mission in a country that five EU member still formally considered to be part of Serbia.

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<sup>9</sup> See Zephyr Dessus, Albana Rexha, Albana Merja, and Corina Stratulat, "Kosovo's EU Candidate status: a goal within reach?" *EPC Discussion Paper*, June 28, 2017.



## **Libya**

The EU's action in the Libyan crisis of 2011 offers a contrary example, in which the position of one single member state can be quite significant. This episode concerned the common security and defense policy, which is sensitive in terms of national interests and priorities. When the humanitarian situation worsened in Libya following internal turmoil and the ousting of Mohammad Gaddafi, the UN Security Council adopted a resolution that mandated the international community to "take all necessary measures to protect civilians under threat of attack in the country" (UN SC resolution 1973).

The question of military intervention arose, which, in recognition of the strong interests of Europe in the stability of North Africa, was largely considered a European task. The bigger EU member states were divided on the issue; Germany was the only one opposing a strong CSDP mission, and thus preventing an EU operation. The ideological depth of the German position and the deep division of the EU on the issue had already surfaced when Germany became the only European state in the UN Security Council to abstain on the resolution.

Consequently, a coalition led by the United States, France and the UK first took responsibility for implementing a no-fly zone, and then launched air strikes against the Gaddafi regime. Later the operation was handed over to NATO, which launched Operation Unified Protector.

The Libyan case has been used to exemplify how major differences among member states on strategic issues can hinder the formulation of a common EU defense policy.<sup>10</sup> It could equally be used to showcase the consequences of the unanimity rule in the CFSP. Examples of unresolvable incompatibilities among member states positions are becoming relatively rare, however, and are most likely to concern the common defense policy, which remains the stronghold of member states. Another example from the same field is the EU's inability to use the battlegroups it established in 2004 to give itself a military rapid-reaction capacity. In this case, too, disagreements among the EU's large member states over appropriate EU military tasks constituted the main bone of contention, even if other issues, financial as well as political, also played a role.

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<sup>10</sup> See Garret Martin, "European diplomacy and the Iranian nuclear negotiations," *European Affairs*, The European Institute (2015); Mareike Schmitt, "Between European and National Role Conceptions: The EU3 Initiative regarding the Iranian Nuclear Programme," *European Security*, Vol 26:2 (2017).

### *The Nuclear Agreement with Iran*

The EU's role in the negotiations on the nuclear agreement with Iran (a process launched in 2003) can be used in this context as an example of a CFSP decision dominated by the EU's official political leadership, in particular the High Representative for the EU's Foreign Affairs and Security Policy. There were differences in member state policies on the Iran issue, but they did not affect the constructive mainstream approach the High Representative persistently pushed forward. The EU's three largest member states (Germany, France and the UK) took the lead when the negotiation process with Iran started in 2003, but soon after that the High Representative at the time (Javier Solana) started to act as their spokesperson, and later on the EU's representation became more tightly concentrated in the hands of the enhanced High Representative and her external action service. In the long run the three large member states had different profiles in their relationships with Iran, Germany representing the most accommodating policy and the UK the most critical one.<sup>11</sup>

The EU's long history of overall constructive relations with Iran, and the international visibility it was offered on this portfolio, strongly supported its common policy in a situation in which the United States faced serious domestic controversy over a possible nuclear agreement that also implied the lifting of long-standing sanctions against Iran. The economic and trade perspectives opening up along with the lifting of the sanctions constituted another strong driving force for a common EU policy.

Even if the role of the common EU institutions perhaps was not crucial in formulating the common EU policy, it was still essential in terms of keeping the negotiation process alive and the common policy on track. This time it was the EU and its member states that had to convince the United States, and during the Obama administration the Congress in particular, about the benefits of transatlantic unity, rather than the other way around.

### *Sanctions on Russia*

Russia's annexation of Crimea and its military intervention in Ukraine in 2014, which resulted in imposition of EU sanctions on Russia, is a case

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<sup>11</sup> Peter Seeberg, "The EU and the international sanctions against Iran: European and Iranian foreign and security policy interests, and a changing Middle-East," Palgrave Communications 2(16080), 2016. Steven Blockmans and Astrid Viaud, "EU Diplomacy and the Iran Nuclear Deal: Staying Power?" *CEPS Policy Insights* 28/2017.

in which the strong leadership role played by Germany, and in particular by Chancellor Angela Merkel personally, was the driving force behind the maintenance of EU unity. As in the Kosovo case, the EU's willingness to ally itself with the United States in a major international crisis was a major factor affecting policy formulation in the EU. Decisions on sanctions (i.e., restrictive measures on trade, financial cooperation and asset freezing) rested with the CFSP, and therefore required unanimity among member states.

The launching of the EU's sanctions policy on Russia, as a consequence of its actions in Crimea and the eastern parts of Ukraine, took place smoothly without any major internal discord. However, as the conflict proved to be protracted and EU member states were confronted with periodic decisions to extend the sanctions, the domestic consensus in many member states broke down, and the effectiveness of sanctions was increasingly challenged.<sup>12</sup> Apart from political differences in their approaches to Russia, EU members differ significantly in their reliance on trade with Russia, which means that the economic burden of sanctions is distributed unevenly.

Irrespective of the increasing discord in member states such as Italy, France and Greece, but also in Germany, the EU has thus far been able to stick to its policy and to extend the sanctions several times. Chancellor Angela Merkel's leadership on this issue could in many ways be seen as the single most important factor explaining the result. Her credibility stems on the one hand from her personal engagement in the negotiations (the Minsk process), together with then-French president Francois Hollande, with Russian president Vladimir Putin, which failed to make Russia comply with the conditions set for a normalization of the relationship. On the other hand, the objectivity of Merkel's position has benefitted from the fact that it represents a change in traditional German policy vis-à-vis Russia. Merkel has thus managed to deal with the emerging domestic opposition to her sanctions policy both from her own party and from German economic circles, in particular the automotive industry, and this has consolidated her position at the EU level. Here the support of her coalition partner, the Social Democrat Party, which equally has gone through a change of its Russia policy, has been crucial.

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<sup>12</sup> See Marco Siddi, "Privileged partners? Italy should use its leverage for constructive policies towards Russia," *FILA Briefing Paper* 6/2016; David Cadier, "Detour or direction? The Europeanization of France's Policies towards Russia," *FILA Briefing Paper* 5/2016.

Even if the EU's sanctions policy on Russia demonstrates the power of a single political leader in EU's decision-making, Merkel's political background provides the necessary conditions for such a position. First, it is very difficult to imagine that the political leader of any other member state than Germany could reach such an informal leadership position in the contemporary EU. Second, Angela Merkel represents the Christian Democratic party, which is the leading political force both at the EU level and in the governments of most EU members, and which also supports her position.

## Conclusions

This chapter addressed the role played by the EU's decision-making system in its external policies. In general terms, the EU's policy reflects a domestic background as rich as that of a state's foreign policy, comprising partisan, personal and bureaucratic factors. Of particular interest in this chapter is the relationship between the common EU institutions (the European Commission, the European Parliament and the European Court of Justice) and the member states, a power dimension that has been under constant change with varying dynamics operating in different fields of external relations.

First, it goes without saying that the common EU institutions currently play a major role in most fields of external relations, with their powers reaching as far as the common defence policy. The weakening dividing line between external economic relations and the CFSP opens new paths to power and leadership, but as the above analysis indicates, equally places limits on this power. Even if in most cases a solid majority of member states—with the support of EU institutions—provides sufficient conditions for a common policy, there are still cases in which the veto of one single member state—at least if powerful enough—can make a common policy fall apart.

Second, the common EU institutions are, naturally, far from a unitary force when it comes to their positions on various issues concerning external relations. The Commission is highly focused on pursuing the EU's economic performance and competitiveness, even if in general terms it promotes the broad set of common values set out in EU treaties. The European Parliament represents more divergent perspectives and viewpoints, sharing the Commission's interpretation favoring the roles of the EU institutions in the framework of external policies. The European

Court of Justice, in practice, functions in support of this interpretation as it is supposed to assess issues of competence by acknowledging the broad goals of the EU.

Set against the background described above, EU policies that can affect the United States often result from the ever-shifting dynamics of a two-level process between member states and EU institutions. Many more interests and factors are at stake than simply the historical interests and identities of the Union's largest member states. This does not make the EU an easy partner. But it does require a nuanced appreciation of how the process of European integration shapes the external policies of both the EU and its member states.



## About the Authors

**Edward Alden** is the Bernard L. Schwartz senior fellow at the Council on Foreign Relations (CFR), specializing in U.S. economic competitiveness. He is the author of *Failure to Adjust: How Americans Got Left Behind in the Global Economy*, which focuses on the U.S. federal government's failure to respond effectively to competitive challenges on issues such as trade, currency, worker retraining programs, education, and infrastructure. In addition, Alden is the director of the CFR Renewing America publication series and coauthor of a CFR Discussion Paper entitled "A Winning Trade Policy for the United States." His previous book, *The Closing of the American Border: Terrorism, Immigration, and Security Since 9/11*, was a finalist for the Lukas Book Prize, for narrative nonfiction, in 2009. He was the project co-director of the 2011 CFR-sponsored Independent Task Force Report on U.S. Trade and Investment Policy and project director of the 2009 CFR-sponsored Independent Task Force Report on U.S. Immigration Policy. He was previously the Washington bureau chief for the *Financial Times* and prior to that was the newspaper's Canada bureau chief, based in Toronto. He worked as a reporter at the *Vancouver Sun* and was the managing editor of the newsletter *Inside U.S. Trade*. He has won several national and international awards for his reporting. His work has been published in *Foreign Affairs*, *Foreign Policy*, *Fortune*, *Los Angeles Times*, *New York Times*, *Toronto Globe and Mail*, *Wall Street Journal*, and *Washington Post*. He has a bachelor's degree in political science from the University of British Columbia. He earned a master's degree in international relations from the University of California, Berkeley, and pursued doctoral studies before returning to a journalism career. Alden is the winner of numerous academic awards, including a Mellon fellowship in the humanities and a MacArthur Foundation graduate fellowship.

**Rosa Balfour** is a senior fellow based at the Brussels office of the German Marshall Fund of the United States (GMF). Her expertise is in the international relations of the EU and its member states, as well as political and institutional developments within the EU. She has researched European foreign policy and external action, relations with the Mediterranean region, Eastern Europe and the Balkans, EU enlargement, European Neighborhood Policy, and the role of human rights and democracy in international relations. She holds an MA in history from Cambridge University, an MSc in European Studies and Ph.D. in International Relations both from the

London School of Economics and Political Science, and is the author of *Human Rights and Democracy in EU Foreign Policy* (Routledge, 2012). Prior to joining GMF, she was director of the Europe in the World Program at the European Policy Centre in Brussels. Other publications include *Europe's Trouble-makers: The populist challenge to foreign policy*, and works on EU foreign policy, including *The European External Action Service and National Foreign Ministries* (co-edited with Caterina Carta and Kristi Raik).

**Maria Demertzis** is Deputy Director at Bruegel, a European economic think tank based in Brussels. She has previously worked at the European Commission and the research department of the Dutch Central Bank. She has also held academic positions at the Harvard Kennedy School of Government and the University of Strathclyde, from which she holds a Ph.D. in economics. She holds an MSc in economics from the University of Glasgow and a BSc in economics from the University of Athens. She has published extensively in international academic journals and contributed regular policy inputs to both the European Commission's and the Dutch Central Bank's policy outlets. From 2012-2016 she served as a Visiting Associate Professor of economics at the University of Amsterdam.

**Karl Friedhoff** is a fellow in Public Opinion and Foreign Policy at the Chicago Council on Global Affairs. He was previously a Korea Foundation-Mansfield Foundation US-Korea Nexus Scholar and was also a member of the Mansfield Foundation's Trilateral Working Group. He was previously based in Seoul, where he was a program officer in the Public Opinion Studies Program at the Asan Institute for Policy Studies. His writing has appeared in the *New York Times* and the *Wall Street Journal*, among others, and he has been a frequent guest on both TV and radio to discuss U.S. foreign policy in Asia, South Korea's politics, and international relations in East Asia. Friedhoff earned his BA in political science at Wittenberg University and an MA in international commerce at Seoul National University.

**Daniel S. Hamilton** is the Austrian Marshall Plan Foundation Professor and Founding Director of the Center for Transatlantic Relations at Johns Hopkins University's Paul H. Nitze School of Advanced International Studies (SAIS). From 2002-2010 he served as the Richard von Weizsäcker Professor at SAIS, and from 2001-2015 as Executive Director of the American Consortium for EU Studies. He has held a variety of senior positions in the U.S. Department of State, including Deputy Assistant Secretary for European Affairs; U.S. Special Coordinator for Southeast European Stabilization; Associate Director of the Policy Planning Staff for two U.S.



Secretaries of State; and Director for Policy in the Bureau of European Affairs. In 2008 he served as the first Robert Bosch Foundation Senior Diplomatic Fellow in the German Foreign Office. In 2012 he was a member of German Chancellor Angela Merkel's "Futures Advisory Group." He is or has been an advisory board member for a dozen U.S. and European foundations and think tanks, and served as host of *The Washington Post/Newsweek International's* online discussion feature *Next Europe*. He has authored over 100 articles, books and other commentary on international affairs, and has also taught at the Hertie School of Governance in Berlin, the University of Innsbruck and the Free University of Berlin. From 1990-1993 he was Senior Associate at the Carnegie Endowment for International Peace; from 1982-1990 Deputy Director of the Aspen Institute Berlin; and from 1979-1982 Program Officer at the Chicago Council on Global Affairs. He has a Ph.D. and MA with distinction from Johns Hopkins University SAIS and an honorary doctorate from Concordia College. Recent publications include "Trump's Jacksonian Foreign Policy and Implications for European Security" (2017); *The Transatlantic Digital Economy 2017* and (with Stefan Meister, eds.) *The Russia File: Russia and the West in an Unordered World* (2017); *Eastern Voices: Europe's East Faces an Unsettled West* (2017), and *The Eastern Question: Russia, the West, and Europe's Grey Zone* (2016). He has been awarded with Germany's Federal Order of Merit (*Bundesverdienstkreuz*); France's *Palme Academiques*; Sweden's Knighthood of the Royal Order of the Polar Star; the Transatlantic Business Award 2006 from the American Chamber of Commerce to the European Union, and the Transatlantic Leadership Award 2007 from the European-American Business Council.

**David C. Hendrickson** is Professor of Political Science at Colorado College and the author, most recently, of *Republic in Peril: American Empire and the Liberal Tradition* (Oxford University Press, 2018). He is also the author of *Union, Nation, or Empire: The American Debate over International Relations, 1789-1941* (2009); *Peace Pact: The Lost World of the American Founding* (2003); *Reforming Defense: The State of American Civil-Military Relations* (1988); *The Future of American Strategy* (1987), and three books with Dr. Robert W. Tucker: *The Imperial Temptation: The New World Order and America's Purpose* (1992); *Empire of Liberty: The Statecraft of Thomas Jefferson* (1990), and *The Fall of the First British Empire: Origins of the War of American Independence* (1982). He was the book review editor ("United States") for *Foreign Affairs* from 1994 to 1998, and has published essays in *Foreign Affairs*, *World Policy Journal*, *The National Interest*, *Orbis*, and

*Survival*. He received his B.A. in history from Colorado College in 1976 and his Ph.D. in political science from Johns Hopkins University in 1982.

**James M. Lindsay** is senior vice president, director of studies, and Maurice R. Greenberg chair at the Council on Foreign Relations (CFR), where he oversees the work of the more than six dozen fellows in the David Rockefeller Studies Program. He is a leading authority on the American foreign policymaking process and the domestic politics of American foreign policy. Before returning to CFR in 2009, he was the inaugural director of the Robert S. Strauss Center for International Security and Law at the University of Texas at Austin, where he held the Tom Slick chair for international affairs at the Lyndon B. Johnson School of Public Affairs. From 2003 to 2006, he was vice president, director of studies, and Maurice R. Greenberg chair at CFR. He previously served as deputy director and senior fellow in the foreign policy studies program at the Brookings Institution. From 1987 until 1999, he was a professor of political science at the University of Iowa. From 1996 to 1997, Dr. Lindsay was director for global issues and multilateral affairs on the staff of the National Security Council. He has also served as a consultant to the United States Commission on National Security/21st Century (Hart-Rudman Commission) and as a staff expert for the United States Institute of Peace's congressionally-mandated Task Force on the United Nations. He has written widely on various aspects of American foreign policy and international relations. His book with Ivo H. Daalder, *America Unbound: The Bush Revolution in Foreign Policy*, was awarded the 2003 Lionel Gelber Prize, named a finalist for the Arthur S. Ross Book Award, and selected as a top book of 2003 by *The Economist*. His other books include *Agenda for the Nation* (with Henry J. Aaron and Pietro S. Nivola), which was named an "Outstanding Academic Book of 2004" by *Choice* magazine; and *Congress and the Politics of U.S. Foreign Policy*. He has also contributed articles to the op-ed pages of many major newspapers, including the *New York Times*, *Washington Post*, and *Los Angeles Times*. He writes the blog "The Water's Edge," which discusses the politics of American foreign policy and the domestic underpinnings of American global power. He holds an AB in economics and political science from the University of Michigan and an MA, MPhil, and Ph.D. from Yale University. He has been a fellow at the Center for International Affairs and the Center for Science and International Affairs, both at Harvard University. He is a recipient of the Pew Faculty Fellowship in International Affairs and CFR International Affairs Fellowship. He is a member of CFR.

**Rainer Münz** is special adviser on Migration and Demography at the European Political Strategy Center (EPSC), the in-house think tank advising the President of the European Commission. He also serves as one of the chairs of KNOMAD, the World Bank's Global Knowledge Partnership on Migration and Development, and as co-chair of Migration Advisory Board of the International Organization for Migration. Prior to joining the EPSC, he was Head of Research and Development at Erste Group, a Central European retail bank headquartered in Vienna. He also worked as Senior Fellow at the European think tank Bruegel (Brussels), the Hamburg Institute of International Economics (HWWI) and at the Migration Policy Institute (MPI, Washington DC). Until 2004, he had an academic career as researcher at the Austrian Academy of Sciences from 1980-1992 and at the Department of Mathematics of Finance/TU Vienna from 2002-2004 as well as university professor at Humboldt University, Berlin (1992-2002). He also was visiting professor at the Universities of Bamberg, UC Berkeley, Frankfurt, HU Jerusalem, Klagenfurt, Vienna and Zurich. He currently teaches at the Central European University (CEU), Budapest, and the University of St. Gallen (HSG). In 2000-01 he was a member of the German commission on immigration reform (Süssmuth commission). Between 2008 and 2010 he was a Member of the high level "Reflection Group Horizon 2020-2030" of the European Council (Gonzales commission).

**Dina Smeltz** joined the Chicago Council on Global Affairs as a senior fellow on public opinion and foreign policy in 2012. She oversees the Council's well-known annual survey of American attitudes toward U.S. foreign policy and also directs the Council's collaborations with international polling organizations in Russia, Asia and Mexico. She has published commentary on this research in *The Washington Post*, *Foreign Policy*, the *National Interest*, CNN and on the Council's survey blog *Running Numbers*. Prior to joining the Chicago Council on Global Affairs, she worked for the Bureau of Intelligence and Research at the U.S. State Department's Office of Opinion Research. As a division chief of survey research in the Middle East and South Asia division (2001-2007) and analyst/chief of the European division (1992-2004), she conducted over a hundred surveys in these regions and regularly briefed senior government officials on key research findings. With a special emphasis research in post-conflict situations, she has worked with research teams in Bosnia, Kosovo, Cyprus, Israel-Palestinian Territories and in Iraq. She received three Superior Honor awards from the Department of State in addition to several other performance awards, and has an MA from the University of Michigan and

a BS from Pennsylvania State University. She has authored many publications on U.S. foreign policy and public opinion, most recently as co-author of *The Domestic Sources of American Foreign Policy: Insights and Evidence* (7th edition, 2017) and *What Americans Think about America First*, the results of the 2017 Chicago Council Survey of American Public Opinion and U.S. Foreign Policy.

**Teija Tiilikainen** is the Director of the Finnish Institute of International Affairs (FIIA). Before her nomination to this position in 2010, she was the Director of the Network of European Studies at the University of Helsinki (2003-2009). She has also served as Secretary of State at the Ministry for Foreign Affairs of Finland from 2007 to 2008. In her research, Dr. Tiilikainen has focused on issues related to European integration (institutional questions, the EU's external relations incl. CFSP and CSDP) and on European security policy. She has published widely on these topics; her recent book is an edited volume (together with Timo Behr) entitled *Northern Europe and the Making of the EU's Mediterranean and Middle East Policies* (Ashgate, 2015). In 2017 she published (together with Tuomas Iso-Markku, Juha Jokela, Kristi Raik and Eeva Innola) an extensive report mapping the EU's future trends entitled *The EU's choice: perspectives on deepening and differentiation* (FIIA Report 50/2017). She has published around 100 articles and book chapters in academic publications and publications directed at a wider audience. She was the Special Representative of the Prime Minister of Finland in the Convention on the Future of Europe in 2002-2003 and a member of the OSCE Panel of Eminent Persons on European Security as a Common Project led by ambassador Wolfgang Ischinger in 2015-2016. She was also a member of the Group of Personalities nominated by the European Commission in 2015 to prepare a funding instrument for defense-related research in the EU. She is currently a member of the board of the University of Helsinki and a member of the Royal Swedish Academy of War Sciences.

# Domestic Determinants of Foreign Policy in the European Union and the United States

Daniel S. Hamilton and Teija Tiilikainen, Editors

Foreign policy begins at home, and in Europe and the United States the domestic drivers of foreign policy are shifting in important ways. The election of Donald Trump as U.S. president, the decision of British voters to leave the European Union, and popular pressures on governments of all stripes and colors to deal with the domestic consequences of global flows of people, money and terror all highlight the need for greater understanding of such domestic currents and their respective influence on U.S. and European foreign policies.

In this volume, European and American scholars take a closer look at the domestic determinants of foreign policy in the European Union and the United States, with a view to the implications for transatlantic relations. They examine domestic political currents, demographic trends, changing economic prospects, and domestic institutional and personal factors influencing foreign policy on each side of the Atlantic.

Authors include:

Edward Alden  
Rosa Balfour  
Maria Demertzis  
Karl Friedhoff

Daniel S. Hamilton  
David C. Hendrickson  
James M. Lindsay

Rainer Münz  
Dina Smeltz  
Teija Tiilikainen



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**JOHNS HOPKINS**  
SCHOOL of ADVANCED  
INTERNATIONAL STUDIES

Center for Transatlantic Relations  
The Paul H. Nitze School of Advanced  
International Studies  
The Johns Hopkins University  
1717 Massachusetts Avenue, NW, 8th Floor  
Washington, DC 20036  
Tel: (202) 663-5880  
Fax: (202) 663-5879  
Email: [transatlantic@jhu.edu](mailto:transatlantic@jhu.edu)  
Website: <http://transatlanticrelations.org>

## FIIA

FINNISH INSTITUTE  
OF INTERNATIONAL AFFAIRS

Finnish Institute of International Affairs  
P.O. Box 425  
Arkadiankatu 23B  
00100 Helsinki, Finland  
Tel: +358 9 432 7701  
Email: [info@fiia.fi](mailto:info@fiia.fi)  
<http://www.fiia.fi>

ISBN 978-1-947661-02-8  
\$35.00  
53500 >

9 781947 661028