

# Enhancing Europe's Power: A Rejoinder

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Rejoinder to all responses related to 'Enhancing Europe's Global Power: A Scenario Exercise with Eight Proposals' by Christoph M. Abels, Helmut K. Anheier, Iain Begg, Kevin Featherstone\*

Special Section Article

The eight comments on our contribution 'Enhancing Europe's Global Power: A Scenario Exercise with Eight Proposals' (see previous issue of *Global Policy*) (Abels et al., 2020 – hereafter, 'the Report') provide a wealth of insights and constructive elaborations of the themes covered, as well as critiques of our piece. We are grateful to the authors for their thought-provoking contributions.

A reassuring inference from all the comments is that the research question at the core of the Report is both valid and timely. In terms of hard power, Europe finds itself in an increasingly difficult geo-political situation: learning how to deal with a United States becoming more impatient with what it has long regarded as European free-riding in security matters (Ann Fitz-Gerald and Andrew S. Thompson), and being confronted with China and Russia as more assertive powers in regional conflicts. Regarding sharp power, the heightened tensions between the United States and Iran in January 2020 after the assassination of Major General Soleimani exposed once more Europe's weakness in finding adequate responses to further sanctions imposed by Washington.

Turning to soft power: at the 2020 Munich Security Conference, the contrast between the speeches of German President Steinmeier, on the one hand, and US Secretary of State Pompeo and his Chinese and Russian counterparts, on the other, could not have been greater. While Steinmeier spoke of imminent threats to democracy and the liberal order, Pompeo had little patience for such concerns, and, presumably to China's and Russia's strategic delight, saw Europe as the main culprit for West's alleged weaknesses. Europe finds itself in an awkward position: today, definitions of the 'East' and of the 'West', and their leaderships, are increasingly unclear and contentious.

Could it be that Europe not only punches below its weight, as we remarked in the Report, but also that Europe increasingly speaks past other powers, as the (lack of) reception of Steinmeier's Munich talk in the United States and

Asia suggests? No doubt, and as all commentators agree, Europe has to review its position in global governance. In this regard, we note the emphasis given by the European Commission, presided over by Ursula von der Leyen (as Marco Buti points out in his comment), to push for a greater EU role in global affairs. That begins at home: in a Union often hampered by a lack of unanimity, von der Leyen wants to push for qualified majority voting and increase the external action budget by 30% to a total of €120 bn. Beyond these internal measures, she plans to forge a closer relationship with Africa and take steps towards a European Defence Union, among other initiatives in the EU's neighbourhood. Her predecessors have expressed similar aspirations – Federica Mogherini's 'Global Strategy' of 2016, most notably – and the modest achievements therein are a salutary warning of the constraints to be overcome.

But we also note a change of tone both in official documents (for example, the Commission communication on promoting internationalising of the euro (European Commission, 2018)) and in some recent commentary, such as an analysis for the Bruegel think-tank by Leonard et al. (2019) exploring how Europe could counter the threats US and Chinese power pose to its sovereignty. Focusing on the areas of technology, finance and global governance, their proposals touch on many of the themes in the Report. In the realm of finance, they also highlight the need for an internationalised Euro as well as a general readiness to respond to sanctions. Leveraging Europe's influence in multilateral institutions, like the IMF, is also a shared proposal in both documents.

Their approach to industrial policy, however, differs from ours. Leonard et al. agree that industrial policy needs to support Europe's entrepreneurs, although a careful balance between preventive and supportive measures has to be achieved. Yet, they are less willing to endorse a merger control that might be used to create European champions – they see a European intervention necessary only in cases where security concerns are raised. Although there is some divergence, the contribution by Leonard et al. (2019) and our Report follows the same line: Europe needs to accept

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and act upon its geo-political role *vis-à-vis* China and the US.

Within the constraints of this rejoinder, we cannot hope to cover each of the very relevant points raised in the eight comments, but rather we bring together, and react to, them under six main headings:

1. What is Europe?
2. The notion of power
3. How to frame the context and the appropriateness of the scenario approach
4. The feasibility of enhancing European power
5. Our choice of eight areas
6. What next?

### What is Europe?

Thomas Biersteker rightly questions whether there is a coherent definition of Europe that informs the various proposals. When we speak of European power, he asks what 'agency' we have in mind, or simply, put: 'who does the acting?' We take this point to heart and see a need for greater precision in allocating tasks to those parts of Europe's institutional architecture best situated in terms of mandate and capacity. For most of the measures, the lead would have to come from the Commission, either from one of the 'clusters' of directorates-general headed by the vice-presidents or from a single DG. In many cases, close collaboration between the relevant Commission service and the equivalent national authorities would be needed, and for some, other agencies, such as the ECB (internationalization of the euro) or the External Action Service (sanctions), would be involved. Each of the proposals would need the support of national governments as well, although neither unanimity nor action by all may be necessary. Indeed, as some of the commentaries suggest, the institutional diversity the proposals implicitly entail could be one of their strengths.

However, there can be a thin line between diversity and fragmentation. Obviously, after Brexit, Europe is weaker and more fragmented than before, and divisions between the 'old' EU core and some accession countries have deepened since we developed the eight proposals last year. Even though the EU has remained united throughout the Brexit negotiations, at least so far, the United Kingdom's unsettled regional and geo-political role may well encourage opportunism that could aggravate divisions among old and new, thereby adding to Europe's challenges (as Wade suggests).

At the same time, however, and especially given its policy priorities, the new Commission could move forward on all the proposed measures. There are policy windows opening that could turn out to be beneficial for advancing at least some of the proposals we made in the Report. The Commission's initiative towards an economy that works for people explicitly mentions the internationalization of the Euro, the completion of the Banking Union as well as a further economic and monetary integration, already making them key points on the Commission's agenda. Furthermore, our proposal on smart clustering very much speaks to the

Commission's plan to support SMEs and offers ideas on how to design an environment that helps SMEs to nurture their innovations.

The development of joint standards for 5G networks and other crucial technologies can also be supported by a digital development initiative, which helps to roll-out these standards in the European neighbourhood – a way both to connect goals related to digital policies and to strengthen the cooperation with neighbouring countries.

### The notion of power

Several of the comments dwell on the different forms of power and what they imply for Europe in relation to its aspiration to become a more effective global actor. Buti argues that hard power must also be part of the equation, a point that we also make in the concluding comment of the Report. Yee-Kuang Heng suggests deploying European military for assistance purposes as a means of raising influence, as opposed to US or Russian-style projection of military might. Heng also wonders whether the sharp and soft power emphasised in the Report could be complemented by referring to 'smart power', initially defined by Nye<sup>1</sup> as the combination of hard and soft power, but with echoes of Theodore Roosevelt's dictum: 'speak softly but carry a big stick'.

Commenting on the evident difficulty Europe has in agreeing positions, Kaji identifies something of a paradox: the frequency of intra-European disagreements on major issues demonstrates the virtues of the EU as a model for peaceful co-existence. She warns that Europe might even lose from seeking to be too assertive. Kishore Mahbubani points to a further paradox of power: Europe is powerful and powerless. Terry McCarthy mentions multiple rationales for wanting to enhance power, including: acquiring more resources; improved security; prestige; and forestalling risks.

However, while we accept the need for nuance, the precise definition of power is less crucial for the central argument in the Report of the need for Europe to assert its (civilian) power externally in order to help maintain an international system compatible with its own norms and interests.

We agree with Buti and Biersteker that hard power has to play a greater role in EU internal and external policies and that Permanent Structured Cooperation (PESCO) is just a first step in the right direction. But those who advocate more EU hard power to back up soft and sharp power call for a difficult bargain. We hint at it in the Report's concluding paragraphs only, and are convinced that any significant hard powers lodged with the EU, will change the very nature of the union, and more so than any other political decisions and policies in its 65-year history. Our preference would be to push the model of maximum sharp and soft power with minimal hard power. The constraint on the latter is the avoidance of strategies that contradict the EU's own normative ordering and influence.

Instead, it is more in the EU's strategic interest to deploy sharp or soft instruments when others seek to thwart the application of its norms in a wider international setting. Kaji

gives the relevant warning: if Europe became more single-minded (in its use of hard power) it might lose some of its soft and sharp powers. Part of the challenge for the EU is to avoid compromising the perception of it as more likely to be doing 'the right thing'. As an illustration, Buti is surely correct to warn against 'weaponising' the euro.

### How to frame the context

For these reasons, power in and of the EU is different from the power of the United States, China or, now, the United Kingdom, and hence the context. Some of the comments criticise the Report for having too little contextualisation: Mahbubani sees the EU having to adapt to 'a completely different global strategic environment'. Wade foresees an intensification of Big Power rivalry for decades to come; he and others note the instability inherent in a multipolar world.

Like our colleagues, Ten Brinke and Martill (2019), we recognise that multipolarity is conditional and not necessarily unstable – and that the EU is well-placed by its own norms and interests to be a force for multipolar stability. It constitutes a form of multilateralism itself: its internal pluralism and flexibility sustain norms that are accommodative of difference. This complements Asia's sensitivities over interference and sovereignty (Heng), for example. The scenario exercise was predicated on the need for Europe to be able to assert those norms and interests more effectively in order to help stabilise the international order.

Mahbubani queries our portrayal of the specific threats confronting Europe. He suggests China is not a threat to Europe (the anxieties over Huawei may suggest otherwise), while population growth in Africa is (though strategies for containing that threat, including the current investment programme of China, need to be explored further).

There are risks of the international system being undermined by the emergence of separate sub-systems. China, for example, has led the development of an almost parallel system of closer relations among the BRICS and in an alternative to the IMF in Asia. The recent trade agreement between Beijing and Washington remains very limited, with most of the important issues postponed for resolution at a later date. China's 2025 Plan provoked strong reactions in the US, with observers there seeing it as confirmation that China seeks to dominate trade.

For its part, the US has become a disruptive force in many of the international fora created to sustain a multilateral order. The EU was created to accommodate powers great and small in a stable economic order. As we argue, it has under-utilised resources to assert its commitment to a multilateral order. Currently, the allocation of voting rights in the IMF, for example, disproportionately favours Europe. Together, it commands some 30% of votes there, as opposed to just 16% for the US and only 6% for China. This offers leverage that is worthy of greater consideration in the context of Europe's global interests.

Robert Wade draws attention to the hazards of even near-term projections, but while we recognise the limitations of the scenario approach, we believe it enables big

questions concerning the EU's interests and capacity to be explored, without being bound to a set of forecasts, particularly those concerning the separate development of other power centres in the world. Moreover, unlike Fitz-Gerald and Thompson, we see the scenario exercise as valuable precisely because it addresses how the EU may be able to go beyond its reputation for weakness.

### The feasibility of enhancing European power

The commentators differ on how realistic it is to enhance European power. Some suggest Europe could be pushing at an open door because of the disquiet felt by other global actors about both Chinese and American deployment of power. It is, too, increasingly clear that Europe's leaders are keen, to borrow a term from Mahbubani's comment, to embark on a major strategic re-boot of how Europe projects itself globally. Both von der Leyen (2019) and (in his confirmation hearing) Josep Borrell, the High Representative (in effect EU foreign affairs chief), have used the same expression: 'Europe must also learn the language of power' and cannot rely only on soft power. We agree, but as suggested above, the language of power Europe speaks cannot be the same as the coercive power of the United States, China, or even the United Kingdom.

Clearly, there are significant obstacles, several of which were set out in the Report. Biersteker wonders how Brexit – no longer in doubt as it was when the Report was completed – affects the narrative, and to what extent it weakens Europe, which it likely will. In similar vein, Wade is concerned about whether European power and unity can be taken for granted. True, but Anglo-Saxon critics are apt to exaggerate reports of the EU's demise. Polling indicates a fall in those willing to consider emulating Brexit. The interests of its member states in avoiding a retreat in the integration process remain profound, even if they do not currently coincide for a further deepening of the process.

Moreover, our commentators have themselves identified ways in which Europe's sway may be strengthened. Buti, for example, sets out what is needed to enhance the role of the euro, while Kaji puts forward a persuasive case for a Europe-led electronic payments system to compete with the US and Chinese giants in the field. Both reflect the core economic imperatives behind the integration process in the 1950s.

### Our choice of eight areas

The eight initiatives proposed in the Report elicited contrasting comments, although it has to be stressed that they were never intended to be either exhaustive or of equal standing. On the contrary, the mix of initiatives sought to combine a number of features. Some will be costly, others have few budgetary demands; some can be portrayed as low-hanging fruit, ripe for picking, others will require demanding pre-conditions to be fulfilled.

McCarthy is categorical: Erasmus should be win-win for EU and its international partners but Culture Europe may be

a waste of effort, rewarding the well-connected (i.e. a boondoggle); instead, why not trust self-propagation of cultural assets (as the US does). While we agree with his assessment of Erasmus, his latter comment about Culture Europe is perplexing. For was it not the concerted soft power approach by the US government during the Cold War that helped win it? Did the Fulbright Commission, Radio Free Europe, the America Houses or the United States Information Service have little or no impact? Moreover, why would a stand-alone Culture Europe agency be wasteful and not be similar to Horizon 2020, the EU's research programme, in complementing member state activities?

By contrast, the General Data Protection Regulation (GDPR) initiative in the Report is generally well-received. McCarthy thinks the world is likely to be grateful to Europe for standing up to US and Chinese giants on data privacy. He also makes the interesting point that in the US, GDPR is seen as a matter of compliance costs, whereas more fundamental questions on 'why regulate', such as data privacy, are prominent in Europe.

Wade is sceptical about the scope for smart clustering, but also wonders whether the US capacity for retaliation or resort to bullying sanctions is as great as assumed in the scenarios. Nonetheless, the policies of the new Commission offer many opportunities for smart clustering in a green economy, be it bio-tech, chemical engineering and medical fields or better resource management and smart cities. No other regions of this size and scale have the policy umbrella for smart clustering to take root and expand.

Biersteker has a number of reservations about the EU's scope for exercising greater power using sanctions and observes that there is not much Europe can do if firms do not want to comply with EU efforts to resist secondary sanctions. Yet it may be that US intransigence pushes others to find alternatives to the dollar to circumvent onerous restrictions. He therefore endorses the idea (as does Buti) of linking euro and sanctions initiatives.

We also note other helpful suggestions from some of the commentators on linking initiatives and accept that this aspect of enhancing power was insufficiently developed in the Report. Kaji suggests bringing together internationalisation of the euro, smart clustering and the digital silk road, and suggests these would be further reinforced by the GDPR initiative proposed in the Report. We concur and see the cross-fertilisation as an angle to develop in future work, perhaps also bringing in 'green' measures as part of smart clustering.

### What next?

Enhancing Europe's power on the global stage is manifestly in vogue in Brussels as the EU emerges from a long period of crisis-induced introspection and although the sudden onset of the Covid-19 economic and health crises will again test the EU's leaders, the direction of travel has been set. The eight areas selected emerged from a systematic process, designed to identify viable contenders. Some of the areas covered in the Report are already in the in-trays of

individual European Commissioners, such as the international role of the euro or how to resist secondary sanctions.

In addition, there is a variety of other ways for Europe to make progress. In the Report, we note Europe's existing lead in 'green' policies and in responding to climate change. Plainly, there are opportunities for taking these further, including by channelling the 'green deal' at the top of the von der Leyen Commission's agenda. The issue of a carbon tax has prompted much debate. We see it as one means by which to restructure the incentives of both producers and consumers, building on Europe's experience with its emissions trading scheme. Such taxes can be applied in ways that are fiscally neutral for economies and have scope to affect economic activity both at home and globally. We look forward to suitable proposals, also in relation to smart clustering, as mentioned above.

With hindsight, there is one area that we did not address explicitly in the Report: media and communication. Certainly, enhancing Europe's soft power will require massive and sustained information and outreach campaigns within the EU, in wider Europe and across neighbouring regions as well in strategic countries in the Americas, Africa, and Asia-Pacific. Some of our proposals dovetail with such outreach: those in the socio-cultural domain, for example. One lesson from Brexit is that the EU simply failed to make the case for itself, and left the field of public opinion to the anti-European media and political brinkmanship.

This lesson cannot go unheeded. The development of EU media to inform, propagate, correct and help shape public opinion about the EU and the European project – both within the union and externally – would be perhaps the most important cross-cutting measure for advancing Europe's position in the world.

### Note

1. <https://www.foreignaffairs.com/articles/2009-07-01/get-smart?page=1> [Accessed 6 March 2020].

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