Eastern Focus

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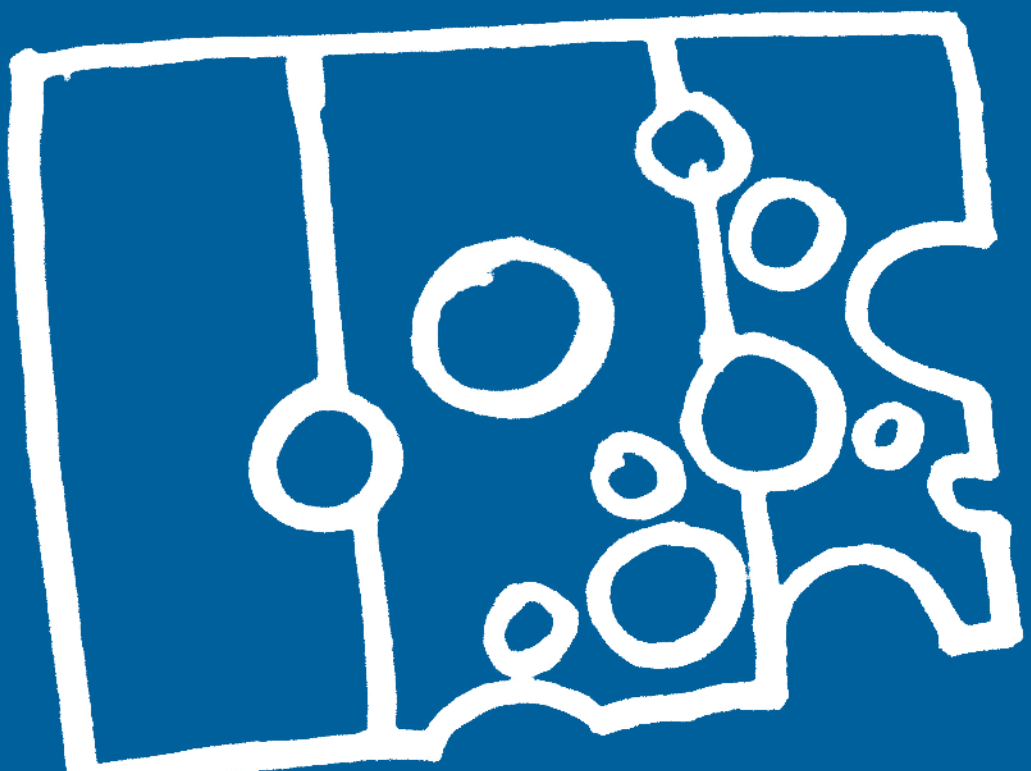

Between illiberalism and post-communist trauma

Europe Onward. Policy memos to the new European Commission.

5D warfare

EU enlargement on hold

30 YEARS LATER
The unfinished revolution

COVER STORIES Alec Bălășescu, Dana Trif, Ho Ming-Sho, Iulia Lumină, Ross Cheung, Zoran Nechev, Ivan Nikolovski, Hamdi Firat Buyuk, Ana Maria Luca, Michal Onderco

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A focus on Central-Eastern Europe, the Black Sea and the Balkans, in a transatlantic key

Bucharest-based English-language quarterly bringing regional voices, ideas and topics to the great debates of today. Shedding light on regional developments. Anchored in democratic values. Delivered straight to the movers' and shakers' inboxes across Europe, America and globally. Connecting people across geographies and thought bubbles.

Editor's Foreword

Thirty years after the fall of the Berlin Wall, the state of liberal democracy in the former communist bloc is "probably worse than we hoped but better than we feared", thinks **Thomas Carothers**, interviewed in this issue of *Eastern Focus*. He looks at the good, the bad and the ugly of post-1989 transition and says that three decades later, we are still in an intermediate state. A final democratic destiny is in no way assured and "illiberal" (a soft word for unconstrained use of power!) democracy most certainly will not lead us there!

2019 was a year of reckoning rather than celebration, with lots of questions – and eyebrows – raised and very few answers.

The present issue of Eastern Focus tries to shed some light on a few of the most intriguing developments. Why is there in Central and Eastern Europe a current of resentment against the West we once struggled long and hard to rejoin? Sharing some of the highlights of the recent book he co-authored with Ivan Krastev, *The Light that Failed*, **Stephen Holmes** argues that the explanation lies in political psychology, not political theory. The voluntary choice to imitate the West eventually turned into self-inflicted trauma, as the West kept looking down on its prodigal sons, while it was itself morphing into something different from the original which we, in Eastern Europe, were trying to emulate. Democratic backsliding is not a matter of falling back on old habits, the authors believe, but an almost Oedipal rebellion against an alienating father figure.

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Editor-in-chief, Director GlobalFocus Center

Democratic backsliding is not a matter of falling back on old habits, but an almost Oedipal rebellion against an alienating father figure.

But where did the West fail in supporting democratic state-building in Eastern Europe? Three authors who were heavily invested in the process, on behalf of American foundations that implemented programmes in the region after 1989, look back on what could have been done differently. With the benefit of hindsight, **Barry Gaberman, Merrill Sovner** and **William Moody** reflect in a comprehensive study on what Western donors took for granted, especially the naivety of assuming that democratisation was complete with EU accession. Building civil society is the hardest thing, they later realised; a multigenerational effort of 60 years!

Veronica Anghel and **Silvia Fierăscu** denounce the limitations of the institutional model of democratic transformation, emphasising the essential, but often overlooked human element. The two authors unpack the ways in which, behind facade democracy, entrenched corruption develops state-capturing networks which tend to outlive their individual participants. Especially relevant today, that is to say that although we often credit individual leaders, i.e. strongmen with the ability to thwart their countries' progress toward rule of law (the other mandatory pillar of sustainable democratic transformation, alongside elections), in order to preserve their own privileges, in fact it is entire ecosystems of corruption that

sap at the root of our effort. Once you take away the institutional conditionality (imposed during pre-accession to the EU, for instance), the challenge that lies bare is how hard or relatively easy it is to disentangle and dismantle these networks. Prof. Fierăscu hence proposes an alternative approach to anticorruption, based on the structure of such networks as it results from the analysis of procurement systems in 28 countries over 10 years.

Economy professor **Cornel Ban** addresses another growing complaint coming from Central and Eastern Europe: that instead of helping the region catch up during transition to liberalism and a free market, Western Europe has been draining it of human resources and of the associated potential for development. Brain drain, dependent market capitalism, a transfer union are the buzz words now frequently used to characterise the state of post-communist economies. How accurate is this description? „It's complicated", Cornel Ban seems to say, as he argues that the state and foreign investment have cooperated well so far across the region to deliver growth; but indeed the next challenge is for these countries to evade the trap of a low-income, high inequality model.

This reminiscing section ends with an interview with **Katherine Verdery**, who, as a foreign anthropologist, has experienced both communist persecution and post-communist transition. She believes that present day resistance to elites around the globe has been fundamentally determined and defined by the experience of regime change in Central and Eastern Europe. Moreover, political renewal is more likely to come from this part of the world, where communism has created working classes with political consciousness who now claim back agency, than from the US or Western Europe.

Elsewhere in the world, from Hong Kong, to Lebanon and Chile, massive protests give sign of a new global revolutionary period. Despite moves to the contrary, trade wars, walls and nationalism, we are at the beginning, not the end of political globalisation, explains anthropologist **Alec Bălășescu**, writing from Hong Kong. What is at stake today, there and everywhere, is an ample negotiation of the principles of governance and consensus-making in public life. The latter has collapsed because of the failure of democratic representative institutions to adjust to the fast-changing context – which drives people out in the streets as the only fora where they can make themselves properly heard.

The Western liberal model is falling short of addressing the new global circumstances (for one, perhaps, because liberalism was not built to deal with globalisation – as **Thomas Carothers** puts it). Hence, a simplistic interpretation of these revolutionary movements in a European key is to be avoided. Five Romanian and Asian anthropologists and political scientists, **Alec Bălășescu, Dana Trif, Iulia Lumină, Ross Cheung** and **Ho Ming-sho** focus on Hong Kong as their starting point as they explain the differences, the nature of contemporary revolutions and their Asian-specific, post-colonial features, from Singapore to Taiwan.

Back to the European context 30 years after the fall of the Wall, as the new European Commission is just taking up positions in Brussels, a group of **30 prominent experts** representing 23 think-tanks and 17 countries, convened by **GlobalFocus Center**, the **German Council on Foreign Relations (DGAP)** and the **Romanian EU Council Presidency** of the first half of 2019 are putting forth a set of policy memos to the incoming EU leadership, charting out concrete measures which the Union needs to implement if it is to preserve its its internal cohesion and its standing in the world. **#EuropeOnward** looks at the EU's global role; going beyond the enlargement agenda; the completion of eurozone integration; coping with an economy in flux; migration and borders; hybrid threats and information manipulation; but also a possible framework to make populism obsolete.

As developments around the EU borders underscore, „Europe whole and free" envisaged after the lifting of the Iron Curtain remains a distant dream.

President Macron has a way of shaking off European inertia by seemingly kicking down the stairs some of its most valued elements (at least in the eyes of his Eastern allies!), from NATO to EU enlargement. As the EU accession process is placed in doubt by the failure to open accession negotations with North Macedonia and Albania, **Zoran Nechev** and I**van Nikolovski** write about the shockwaves this has sent across the region and what comes next.

Meanwhile, alternative influences in the EU proximity multiply, generating important security and geopolitical risks. Previous issues of Eastern Focus have looked at China and Russia; now we turn to Turkey. **Hamdi Firat Buyuk** dispells the myth of a Russo-Turkish ‚friendship' and proves that it is not just an alliance of opportunity, but one that is detrimental to Ankara's long-term interests. **Ana Maria Luca** questions another widely-held assumption, that Turkey is a necessary stabilising force in the Middle East. She analyses the recent Turkish intervention in Syria from the perspective of Erdogan's history of tactical moves in the region, which, the author says, have done nothing to pacify it. Quite on the contrary, Turkey has sought to be a player in the new power arrangements in the Middle East at a high potential cost to its own stability.

Eventually, three authors cover three different aspects of a changing global order. **Bobo Lo** ellaborates on Russia's other alliance of „strategic convenience" (not an alignment of world views and long term interests), the one with China, and translates Russian and Chinese end goals for a Western audience. **Michal Onderco** proposes options for European action, now that the INF is dead: these centre around developing a military muscle, as opposed to exclusive reliance on the US, as Washington's external action will be predicated primarily on countering China. **Julian Lindley French** reinforces the argument and emphasises the need for European adaptation to 5D warfare.

30 years later

Interview Stephen Holmes, Professor of Law at the NYU School of Law, New York

Illiberalism was born out of post-Communist trauma

Stephen Holmes is co-author, together with Ivan Krastev, of *The Light That Failed. A Reckoning* published in October by Allen Lane (an imprint of Penguin Books).

In a work of startlingly original political psychology, two pre-eminent intellectuals propose that the post-1989 world order has been characterised by 30 years of what they call The Age of Imitation - a period of Western democratisation in which Eastern European values would be bent to the liberal fiscal, cultural and moral politics of "integration".

Going back to 1989, to the hopes embraced during the post-Cold War transformation, has the West created/enabled a Frankenstein? I was struck that your book was built around the image of Frankenstein. So what did the West get wrong? Has the light of liberal-democracy really failed?

We try to make a general point about the paradox in a region in which, in 1989, democracy and liberalism were celebrated. Today the trends in two countries are anti-liberal and undemocratic. So how did that happen? The Frankenstein image is an analogy, and is meant to highlight the way replica regimes often create unexpected resentment. This is something that happened not only in the post-1989 period. There are many examples in history. For example, Germany after WWI, which was trying to build a parliamentary democracy, created a lot of resentment. This is something the Westerners missed – not understanding the way Central and Eastern Europeans experienced the process of democratisation. This happens because in the West after 1989 there was a naïve belief that democracy was the natural state of affairs – after you get rid of a tyrannical regime, democracy will pop out like a toast out of a toaster. So if you get rid of tyranny you get democracy. We saw the pathological expression of this in Iraq, that you would see democracy after a six-week military campaign. Frankenstein is to say that replication creates a lot of resentment.

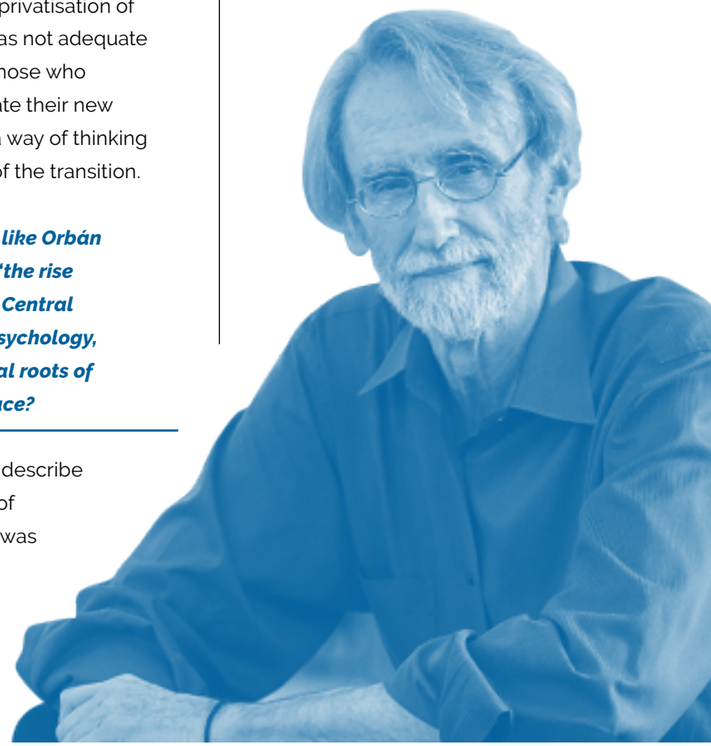
To what extent did the cultural and political legacies of the previous regime amplify the problems of the post-communist transition?

One important factor that is relevant to this question is that the groups that most succeeded financially and politically in the new system – which was supposed to be based on meritocracy and freedoms – were those who were able to translate the assets of party affiliation in the old regime into economic assets in the new regime. There was resentment at the fact that the change, however radical and traumatic, still advantaged those who were basically oppressing the society in the old regime. In this sense the resentment is not simply against liberalism and democracy, but against a system where old regime elites were able to translate their position into enormous wealth. Also this is quite important as part of the anti-liberal mentality. Liberalism focuses as a central value on human rights, individual rights, but the greatest sin of the transition from Communism to post-Communism was the privatisation of public assets. The individual rights framework was not adequate at capturing the grievances that existed. In fact those who expropriated used the property rights to legitimate their new privileges. There was a sense that liberalism as a way of thinking was not adequate in understanding the trauma of the transition.

The populist turn is about the emergence of a counter-elite that capitalised on the fact that the liberal elites were neglecting the symbols of national identity in order to pursue the dream of accession to the EU and its post-national idea.

From Havel and Michnik to strong identitarians like Orbán and Kaczyński. In your book you point out that "the rise of authoritarian chauvinism and xenophobia in Central and Eastern Europe has its origins in political psychology, not political theory." What are the psychological roots of the resurrection of ethno-politics in the CEE space?

It is very common, as an analysis of populism, to describe what we see today as a return to an earlier form of communitarianism in the region, something that was widely spread in the 1930s. During the 1990s, nationalism had a very bad reputation - you couldn't talk about national aspirations because they were identified with this kind of fascist, Milosević, violent, racist type of regime, even if there were important



nationalistic motivations for the return of the CEE to the West. Poland is the most obvious example. It may be true that the Poles were in love with liberal democracy, but it is also true that they were trying to get away from Russia. Trying to escape from Russia is a nationalist story, not a liberal democratic one. They couldn't be so open about this, they were using the language of liberal democracy in part because they were looking forward to accession to the post-national EU in which the dominant ideology is what we call in the book the New German ideology (the ideology of post-nationalism with no real flag, no real history, no real national heroes). That was understandable in the history of Germany, but it was not easy to export that to a country like Poland. Nonetheless, that was the language at the time. There were obviously nationalistic feelings, but the argument that Ivan Krastev and I make is that although a return to the past is an important contributing factor, on the other side it is too shallow an explanation. It is what we call in social sciences mistaking analogy for causality: we explain the way we are today because it reminds us of the way we used to be. For us it makes more sense, it contributes more to understanding what happened to think of the populist turn as the emergence of the counter-elite (mostly with provincial origins) that capitalised on the fact that the liberal elites of the country were neglecting the symbols of national identity in order to pursue the dream of accession to the European Union and its post-national idea. That lack of attention to these national symbols opened the door for a counter-elite and political entrepreneurs, many of them cynical, to appeal to these feelings of being neglected, which were exacerbated not only by the slowness of the transition, but also by the fact that the very process of democratisation and liberalisation – seen from the point of view of the East – was a process of imitation. In itself, imitation may sound harmless, but imitation always implies a relation of superiority and inferiority.

Liberalism is in crisis and struggling because it has to deal with issues which it wasn't really built to deal with. Like globalisation.

As for the way it was conducted, it was not simply a matter of borrowing a few elements and grafting them onto national traditions, but there was the message that all your national traditions are worth very little, that you need to convert to our way of life which is superior to yours, that we as the model nations have a right to monitor you, judge you, evaluate you. The imitation relation was a process that in itself produced trauma. There is another trauma in the messaging of the West, which was, "You are going to be evaluated according to your success or failure to be like us. This trauma was exacerbated by the fact that we are going to write your laws while you have to democratise (pretending that you are ruling yourselves)." The whole process had an edge of humiliation. The elites themselves were weakened by the schizophrenia of transition. Norms are rules that help you coordinate within your society. There is a lot of pressure to stay within the normative framework prevalent in a society in which there is a good deal of corruption. The Westernisation process, on the other hand, told the elites who were living in these societies that any form of corruption is absolutely impossible, so you create an elite that is trying to navigate both worlds, to fight corruption but has to participate in it, so it is trusted in neither of the two worlds. This is a very good example of the political psychology of post-Communism.

These are contributing factors, they are not reverting to the past, which says that what we are feeling is a much more primitive ideology, that these countries are just going back to the way they have always been – authoritarian, nativist – as there was no shock, and there was nothing that the West did inadvertently. We are trying to focus on the things that happened during the transition and how they contributed to what we see today, and our argument is aimed explicitly against the idea that this is just a natural return to the status quo ante, the way these countries always were and were destined to be.

The 1990s were heralded as the age of the end of history, the age of liberal democracy. 30 years later it's the opposite, the age of illiberalism; the "liberal" dimension is attacked in the name of democracy. How should illiberalism be understood? What does illiberalism target in liberalism?

Liberalism conceives society as a network of producers and consumers. It does not understand the folk spirit or the national community. It is focused too much on liberty and not enough on community. Today, illiberalism is understood in the populist movements as being against open borders, gay marriage, women's equality. But I don't believe there is an illiberal vision of society. Every country has many pasts. The illiberal politician will take one path, will elevate it into the true past, and will try to say that this is the authentic "we". It is mainly rhetorical. They don't really want to return to that. Do they want to say they are in favour of arbitrary arrest and imprisonment? Will they say this openly? Will they say that they are in favour of the government controlling all information on which the government's competence is judged? They do that, but do they say it openly? Will they say that our values are such that we want all the information on which the public judges us to be controlled by the government? It speaks to the question - are these guys illiberal democrats? They are democrats in no sense. They do not want alternation to power. Alternation to power is democracy. It means they know how to manipulate public opinion, public fears and public anxiety.

In a way the weakness of these illiberal movements is that unlike communism, they don't have a picture of what they want to have. It is very hollow, and therefore very fragile. But they certainly point out the weaknesses in liberalism. Liberalism is in crisis and struggling because it has to deal with issues which it wasn't really built to deal with. Like globalisation. Globalisation creates splits within society between the groups that are globally connected and the ones that are not. The globalised elites have a good reason to look westward, but often that means turning their back on their own fellow citizens. This is what led to the opening for the populist counter-elite to emerge. The biggest risk today is misinterpreting the end of liberal hegemony as a sign of the end of liberalism. The expectation of 1989 that all countries must conform to the liberal model is over. But the power of liberalism - the power of individualism, the power of freedom of thought, the principle that the citizens have the right to examine their government as a cure for corruption – all these are very much alive. After chasing their ambition of being the only model for all societies, liberals have to understand that

this is not going to happen. Liberalism is not the only way to create a society and it is not the only way to mobilise power. But the idea that liberalism is obsolete – Putin made this joke the other day – is not true. What is true is that the liberal project of 1989 in which everyone must submit to the liberal model is over. What we have to do is to understand the role of liberalism in this much more pluralist world.

The contemporary illiberals seem to have a very strained relationship with the "checks and balances" architecture inherent in a liberal democracy. As Viktor Orbán said during his latest White House visit – "from the people, by the people, for the people. This is the basis for the Hungarian government". It seems that they are selectively focused on the democracy side, forgetting the other pillar of what modern democracy is really about.

Kaczyński uses the phrase "legal impossibilism". They argue that checks on the power of the elected government are basically a foreign plot to prevent us from expressing the will of the authentic Hungarian or Polish nation. This brings me back to how you define democracy.

The biggest risk today is misinterpreting the end of liberal hegemony as a sign of the end of liberalism. The expectation of 1989 that all countries must conform to the liberal model is over. But the power of liberalism remains very much alive.

Democracy is a system of accountable government. Accountability means that when a government makes a decision, it is required to justify that decision before a body that has the power to say no, push back, criticise and to suggest alternatives. A government that has no responsibility for giving justifications for its actions soon is doing things that have no justifications, has no safety checks on it and no reality checks. Democracy is about a culture of justification, and a culture of security checks on government. This was not a Western plot. It is rooted in the enlightenment project, the scientific revolution, and the idea that a scientific hypothesis has to be questioned by others so that the only justification you have for your belief is an invitation to others to refute it. This is John Milton, Thomas Jefferson, it is an idea of what rationality is. Rationality is not a trait in an individual, it is a trait of a system in which every proposal is subject to criticism; and those who take a political decision and support a policy must base their decision on facts and arguments which are susceptible to refutation by counter-evidence and counter-arguments. This is the essence of the democratic project. The premise of democracy is that everyone makes mistakes, including powerful leaders. Everybody hates to admit mistakes, especially powerful leaders, and everybody likes to show the mistakes of their political rivals. Democracy operationalises these premises in a system of checks and balances. What Orbán and Kaczyński are trying to do is reduce the checks and balances to paralysing government, stopping it, preventing it, making it impossible to act, when in fact the purpose of these rules is to increase

Secretary Pompeo Meets With Prime Minister Orban

the rationality of government, to inject some degree of reason into the decision-making process of the government. It is not about restricting the government, it is about making sure the government does not go off the rails and make mistakes that can't be corrected in time. Every decision has complex consequences, including costs and opportunities that need to be evaluated and contemplated before one acts. Democracy is meant to do that.

There is an imperative need to rethink nationalism, patriotism, what national identity is. In the early 1990s, Ralf Dahrendorf warned about the democratic disappointments, about the fact that constitutional patriotism and the open society are not enough to replace tribal (blood and soil) identities. How should nationalism be rethought? The nativist, nationalist reactions in some CEE countries seem to be bringing back a fundamental difference between how nationalism is understood in Old Europe (civic and inclusive) and how nationalism is understood in some parts of the New Europe (exclusivist, ethnic and tribal).

To some degree a national feeling is required for a democracy to work. You cannot completely obliterate this. But the national identity can have different forms: some can be more ethnic, others less ethnic. In the US there was a large ethnic component to democracy as it first developed. A Chinese person could not become a citizen of the US until 1943. So to what extent

is nationalism, patriotism compatible with some feeling of national solidarity, without believing that a common bloodline and co-sanguinity is the basis of the coherence of the state?

I think it is completely possible to have a kind of soft identitarianism, like the Big Fat Greek Wedding – where identity is about food, clothing, relatives, but it is not conceived as an overwhelming identity, it does not encourage those sharp divisions between those who belong to your ethnic group and those who belong to another. Strong ethnicity, strong identitarianism, can take the form that if your child marries someone from a different ethnic group, you hold their funeral. This is inconsistent with liberalism. It is an illiberal thing. Whatever form of communitarianism is compatible with the nation state has to be separated from myths of co-sanguinity. There is a fear of assimilation by outside groups with different bloodlines. This myth that culture represents co-sanguinity, and therefore blood connections with remote ancestors, is the essence of illiberalism. This is key to a form of national identity which can be culturally specific, but it is liberal because it is not committed to the myth that a shared culture is a sign of co-sanguinity.

Trump is not just a continuation. He is basically a nihilist, a Nietzschean figure, he thinks there is no such thing as values, truth; impartiality does not exist.

What is the place of Trumpism within the broader context of the anti-liberal revolt?

Trump is radical, he is not just a continuation. A sign of his radicalness is his rejection of American exceptionalism, his claim that America is not morally superior to other countries. That is quite amazing because this is what America's enemies are saying. He says this in front of crowds that are cheering, "USA, we are not better than anyone else, we kill, we interfere in elections". He gets people to cheer for this. He is not a religious person, he has no family values, but he has rejected the very powerful idea that America deserves global power because it is such a morally good country and that all the others want to imitate it. Interestingly, Trump and Orbán share this idea that if the West looks very attractive you want to go to it. Orbán is saying, "let's describe the West as unattractive because it is an ethnic nightmare, so people might not want to go". Trump

says that if we make America very unattractive, people won't come. That is why we are using the category of imitation in his case also, because instead of saying the imitator feels inferior to the imitated, he says that the imitated are the losers: America is the greatest loser from the Americanisation of the world because all these immigrants want to come here, they are stealing our technology. In short, the imitators are threats. For Trump, Germany and Japan are the most scandalous examples. "They became industrial powerhouses because they copied us." Trump does not see the transformation of America's former militaristic enemies into peaceful capitalist democracies as a victory for American foreign policy.

He has also no interest in alliances. He wants to destroy the Western alliances. He doesn't like countries that compete with us economically. Russia and Kim Jong-un don't compete with the US economically. Trump is essentially a nihilist. He says that "I lie in my own interest, you tell the truth because it is in your own interest, if it was in your interest to lie you would lie, if it is in my interest to tell the truth I will tell the truth. But truth has no value in itself. Justice is nothing except factions. I don't obstruct justice, I am only fighting back." He is basically a Nietzschean figure, he thinks there is no such thing as values, truth, justice; impartiality does not exist. That is something that we have never seen before. The people around him are not nihilists, but cynics. They think they can use him for advancing their own agendas. The question for America is, Can cynics use a nihilist without being infected by nihilism? The answer remains open.

■

The impact of the economic and refugee crises

The 2008 crisis destroyed the myth that the Western economic elites knew what they were doing. It also played into the impression that the global economic elite has no interest in ordinary people. Therefore, it resonates in societies in which there is this great divide between the globalised, privileged elites and ordinary people. Both crises highlight the fact that there can be no return to a status quo ante or to a particular tradition in the region. Contemporary events played a powerful foundational role in this situation.

Interview Thomas Carothers, Senior Vice-President for studies at the Carnegie Endowment for International Peace, Washington DC

Democracy without liberalism becomes unconstrained in its use of power

Breaking Through (Berlin Wall)
© Photo by EYE DJ

What would be your assessment of the state of liberal democracy 30 years after the fall of the Iron Courtain in the CEE space?

The state of liberal democracy in CEE is probably worse than we hoped but better than we feared. It is in an intermediate state in quite a few countries and, viewed through a broad historical lens, this is probably similar in some way to the democracy progress that Western Europe saw in the late nineteenth century and in the first half of the twentieth century. But because the expectations were so high, and because communications today are much more advanced, that feels slow and frustrating. There is no underlying democratic destiny that is assured. It was also not assured in Western Europe, but historical forces managed to align so it worked out. So it is not that Central and Eastern Europe is on a Western European path. It is on its own path, which may have its own outcomes.

Could we point to some of the lessons learnt during this democratising journey that show what the West should have taken into consideration?

I guess in terms of the things that we didn't understand in 1989, a central lesson is the relationship between achieving political pluralism and achieving an effective state and rule of law. These are two different things. We had a rush of pluralism into the region – multiparty elections and freedom – but we had very corrupt states, the transformation of which has been very problematic, particularly the rule of law. The socialist system of the '60s, '70s and '80s had a certain amount of administrative regularity and bureaucratic structures, but they were not very lawful states in a deeper sense. On one hand, the socialist systems were not very good at constraining power holders through law. The power holders saw themselves as making the law rather than being subject to the law. On the other side, ordinary citizens often experienced socialism as involving a lot of illegality and unfairness regarding who got certain resources or who got access to certain information. Both of those legacies transferred into the post-communist era in a powerful way.

Achieving constraint on power holders by law and the experience of lawfulness for citizens, as really regulating both their interactions with the state and their perceptions of the state, has really been difficult. So we have high pluralism and problematic law. This is essentially a condition more characteristic of certain parts of the developing world than of Western Europe. Latin America has had this for a long time – an area with a high degree of freedom but poorly functioning states. I am not equating the states in CEE with the states in Latin America, but the condition of the relatively poor rule of law with high pluralism has been characteristic of other places that have seen fluctuations in democracy as a result, as well as some of the trends towards the illiberal populism that we see in Central Europe.

Is this democratic retreat an expectable disease of a still young democracy? In other words, is this as good as it gets, with the downsides manageable?

There is still the possibility of better things being achieved. This unpleasant halfway state that most of the countries in the region feel doesn't have to be a permanent destiny. Things could get better because citizens can over time constrain power holders with law and illiberal forces that want to capture systems, particularly in reaction to socio-cultural change, could fade away. It is an ongoing struggle.

The 1990s were heralded as the age of the end of history, the age of liberal democracy. 30 years later its legacy is contested, we are talking increasingly of an age of illiberalism. What were the domestic conditions and factors that made the illiberal turn possible within the CEE countries?

There are a few particularities in the case of Hungary. Unlike Poland, Hungary was very badly hit by the financial crisis in 2008, which devastated the socialists and left the political field open, in the sense that there was only one alternative. Secondly, Hungary had some structural features of a political system that allowed a leader who got 50-51% of the vote to get a super-majority in the parliament. Once you have a super-majority in the parliament you can reshape the political regime – modify the Constitution, the fundamental electoral and media laws. The Hungarian system played a certain role that has not occurred elsewhere in the region. Lastly, Hungary does have this lingering territorial sense of failure from the first half of the twentieth century, that allows a kind of a nationalist narrative where the Treaty of Trianon remains a terrible experience. Compared with any other CEE countries, Hungary is able to project a powerful national narrative of redemption and humiliation in the twentieth century – the loss of territory and citizens.

One powerful commonality is the failure of the centre-left in both Poland and Hungary to really achieve the promise of the 1990s. During those times many Central Europeans embraced the centre-left because they wanted social protection with some market capitalism that would provide growth. They wanted the best of both worlds: capitalist economies that would catch up with Western Europe, but also German-style social protection. That was not really possible. It was a nice idea but very difficult to achieve, because what happened was that Central Europe moved quickly on the social protection front, and people began expecting a level of social benefits that the countries couldn't really afford. The kind of quick political similarities between Central Europe and Western Europe made people think they should also get a quick catch-up economically. If we look at other countries' relatively rapid catching-up to Western European levels, like South Korea, Taiwan or Chile, they went through a long sustained period of tough neoliberalism so that the citizens had to experience fairly hard working conditions for a long time before they got to social protection. So the failure of the centre-left helped a lot.

A second commonality is the citizens' experience of power and law. I was really struck in the early 1990s in Central Europe how people came out of the experience of socialism with a contradictory psychological state – a tremendous suspicion of power, but at the same time a tremendous desire for security and to be taken care of. What happened was that the experience of capitalism, transferred from the experience of socialism, was so much dirtier than people expected or hoped. This whole perception of dirty deals, crony capitalism, very opaque power, was very disillusioning. This continued experience of dirty and opaque power prepared the ground for an illiberal nationalist demagogue who says that we need to take over the system and really make it work for the people. The reference to the people and the power of that idea comes from the experience of the people being frustrated with what they got and from a sense of betrayal.

A third commonality is social change. Central Europe coming out of the 1980s was in a very different socio-cultural state than the Netherlands, Belgium, France or Germany in terms of the liberalism of society, attitudes towards the role of women, LGBT issues or religion. Some parts of society caught up very quickly, whereas other parts, preponderant in more rural areas, were rejecting it. The socialist systems were very puritan and conservative in that regard, and did not prepare the people for such a transformation. So you had this rapid socio-cultural change that led to a vulnerability of society to a counter-reaction in which politicians could come to certain voters to say “too much, too fast”.

How should illiberalism be understood in practice? What are the illiberals rejecting first and foremost in a liberal democracy?

A certain combination of things seems to occur. The first is either a strong political leader or a strong political party has a powerful narrative, which tends to be a nationalist one (strengthening the country's resistance to attacks from abroad so it emphasises national strength, national unity and resistance to foreigners). These messages are the seeds of illiberalism, because the national unity implies that opposition is disloyal, that this is the true national project, so if you are not with this project you are actually against the nation. So the first trait is to de-legitimate the political opposition through such a narrative. The second trait is to de-legitimate international pressure on values, principles and norms. If the EU does something against us, that is because they don't support our nation.

In CEE we have high pluralism and problematic rule of law. This is a condition more characteristic of certain parts of the developing world, that have seen fluctuations in democracy and trends towards illiberal populism.

To sum up, there is a narrative that is strong, widely appealing, designed to resist opposition and international pressure. It is usually a political narrative rooted both in socio-cultural as well as socio-political values. They are speaking about the nation as a cultural entity which is higher than any political system and principles. They are putting the nation as a cultural idea, an entity above political principles, and that allows them to subvert political institutions for the sake of the national project. Therefore if the judiciary has not been true to the national project, then that is a disloyal judiciary.

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One of the things illiberalism has to do is to horizontally subvert all checks and balances on the system, and it needs a justification for doing that. Usually the judiciary is the biggest threat because it exerts the biggest constraint on power; and then the opposition parties that you try to discredit; and then the media. A crucial part of the illiberal project is what we would call crony capitalism, the co-opting of the business sector, and weakening any independence of the business sector by bringing them in and insisting on a kind of relationship of control. They put them in positions of directors of banks or presidents of companies who are loyal to the party, so you are weakening the independence of the business sector.

Sometimes it seems we are forgetting basic notions. Democracy in its modern sense is liberal democracy. But today the notion of "liberal" has become highly politicised, it has a very ideological connotation. So what is the classical meaning of liberal democracy?

Liberal democracy is a democracy that combines the voice of the people with constraints on government power, in terms of respect for political and civil rights which allow people the protection of the rights of minorities and constraints on power through law. A democracy without liberalism is an unconstrained democracy, that becomes a reckless democracy which takes over the institutions and becomes unconstrained power. Liberal democracy is a democracy that is constrained and regulated in positive ways.

To what extent were the economic and migration crises enablers of the illiberal moment?

I think that is a good way to look at it. You had vulnerabilities which were triggered by events. If you were already unhappy with the capitalist system, the financial crisis convinced you that it was a rotten system. And the migrant crisis highlighted the socio-cultural fears and made you feel that we've gone too far; this was the straw that breaks the camel's back. That's why it is important to see what is happening as largely a reactive trend, which could dissipate if the structural events don't repeat themselves and gradually fade away. There have been years of slow growth, the migrant crisis has died down, but now the illiberals are trying to take credit for the growth that has occurred, and are trying to continue to stir up social crises. We are still in the midst of these battles, but they don't have any new tools.

In their forthcoming book, Ivan Krastev and Stephen Holmes point out that the surge of ethno-politics in Central and Eastern Europe "has its origins in political psychology, not political theory." So should we see the roots of this illiberal pivot in the realm of psychology?

Politics is always psychological. Hitler's rise in the 1930s is also about the psychology of grievances in Weimar Germany and the sense of frustration internalised at that time. Powerful political movements are always psychological movements because the leaders are telling a story or a narrative that stirs people. I think what Ivan and Stephen are reacting to is a sort of explanation that would say that a certain level of GDP growth will ensure a certain result or a certain level of political freedom, and saying that underneath are always deep psychological waters and vulnerabilities. The problem of the West is that the mainstream view of progress and the liberal destiny of the West is not as pointed as the alternative narrative of anger and nationalism.

The current resurgence of nationalism is both a domestic and an international phenomenon. It is domestic in the sense that in many countries nationalism is part of a socio-cultural agenda that is very conservative, that says we want to go back on changes that came from outside (either in the form of people or in the form of ideas), and nationalism is a platform to resist that transnational influence. The civic nationalism isn't under threat only in the illiberal parts of CEE, but also in the heart of the civic nationalism, in UK, Italy or France. This isn't an East-West issue anymore but within democracies. Nationalism is kind of the flavour of the moment because it catches all these different trends – the socio-cultural changes and the economic changes. Liberal forces need to regroup and re-energise themselves and think about what we are not offering to people that we offered before; we need to bridge these divides within society, we need to hear people's concerns about social change, we need to understand the need for more inclusive economies. Liberal democracy won't win just by saying we are waiting for you to fail with your illiberal project and then we will be back. Everywhere liberals have to prove to sceptical publics that they can deliver the things that they delivered before.

Thomas Carothers, a leading authority on international support for democracy, human rights, governance, the rule of law, and civil society, directs the Democracy, Conflict, and Governance Programme of the Carnegie Endowment for International Peace.

A view of Bucharest's central square, surrounded by tanks and damaged buildings, on December 27, 1989. © Christopher Pillitz/Corbis/Getty

Where did the West fail in **transforming Eastern Europe?**

Barry Gaberman, Merrill Sovner and William Moody | New York

The 1990s ushered in an era of widespread governmental support for liberal democracy and an opportunity to build civil society in countries where there had long been a dearth of public space separate from government control. There was optimism bordering on euphoria, and a general belief that liberal democracy was the model of the future. This was an environment in which outside funders saw an opportunity to have an impact and were willing to seize that opportunity, even though their expertise in the region might have been modest in the beginning.

US and European private foundations, sometimes working with multilateral and bilateral development agencies, established five Partnerships and Trusts to pool funding to support civil society in the Baltics, Central and Eastern Europe, the Balkans, and the Black Sea. These pooled funds aimed to build, support, and nurture the long-term sustainability of civil society and non-governmental organisations. The establishment of these funds—the Environmental Partnership for Central Europe, the Baltic-American Partnership Fund, the Trust for Civil Society in Central and Eastern Europe, the Balkan Trust for Democracy, and the Black Sea Trust for Regional Cooperation—reflected a spirit of optimism about the prospects for civil society as an intrinsic part of democracy. In practice, the pooled funds were able to help establish the policies and institutions of an enabling environment for civil society, in addition to funding the organisations themselves.

Since then, the political environment has changed dramatically. Thirty years on, we are faced with alternative governmental models, often at odds with the liberal democratic model we naively assumed would become and remain permanent. We can no longer take for granted this support for civil society and liberal democracy across the region. Across Central and Eastern Europe, political rhetoric and, in some places, legislation, seeks to stigmatise civil society organisations that receive funding from abroad. Looking back with the benefit of hindsight, what might have been done differently to support civil society?

As three US foundation practitioners involved in some of these pooled funds, we sought to understand the legacy of those past investments, now that the political climate has become more antagonistic to civil society organisations. We undertook an intensive research project, consisting of desk research, travel through 15 countries, and interviews with more than 250 people. We spoke with representatives of the donor foundations to the Partnerships and Trusts, their staff and board members, their grantee organisations, and independent experts and observers of civil society in each country. Drawing on our own experience and backgrounds as well, we compiled the legacy and impact of these investments and lessons for grantmakers who seek to sustain civil society to support democratic transitions. The resulting report, **Sustaining Civil Society: Lessons from Five Pooled Funds in Eastern Europe**, was published in September 2019. We came away with a few messages of overriding importance, which are shared here.

EU accession as an exit strategy

There was one criticism of the pooled funds' efforts that we heard repeatedly and almost without exception: the initiatives ended too soon. Many US foundations had exited their grantmaking programs in the region on the assumption that once these countries joined the European Union their funding would not be needed. In fact, the funders' strongly held belief in the promise of EU accession as an exit strategy was not shared by many on the boards and staffs of the pooled funds, the grantees of the funds, or even some of the programme officers tasked with implementing the decision to exit. Some grantees feared that raising this criticism might affect the commitment of the key initial funders.

The promise of EU accession for the sustainability of civil society organisations proved to be a miscalculation

The promise of EU accession for the sustainability of civil society organisations proved to be a miscalculation, for two reasons. One, US donors assumed that funding from European public and private sources would replace their funding. Two, it was believed that upon EU accession, the economic and political conditions for the sustainability of civil society would be present. These two reasons are unpacked below.

The first underlying assumption was a pragmatic one; US foundations involved in building civil society in the early 1990s believed that funding from European private and public donors would replace the kind of funding provided by these pooled funds, and their funding would no longer be needed. On the contrary, we repeatedly heard from the former grantee organisations that they were not able to secure the same flexible support to advocacy organisations – support that is responsive to organisational needs – that the Partnerships and Trusts provided.

This is not to say there is no funding available. A fair number of the civil society organisations that we met are able to get a basic amount of project funding for their work from the few international donors still present in the CEE region, such as the Open Society Foundations, the EEA/Norway Grants NGO Programme, the Swiss Contribution NGO Programme, the USAID Legacy Foundations, and the Mott Foundation's support for community foundations and philanthropy infrastructure organisations. A number of European foundations are also still actively collaborating with civil society organisations on shared projects. Then there is the huge presence of European Union funding to civil society to member states in the pre-accession phase, to candidate states, and to other countries as part of the European Neighbourhood Policy. However, this funding has a different aim; a few commented to us that European public funding aimed to create implementers of EU policy, rather than investing in a healthy landscape of civil society organisations.

For the most part, however, the available financial support to civil society organisations in Eastern Europe today is project-based. Project support can be offered in a flexible way that is guided by the needs of the grantee organisation and delivered quickly in response to those needs. Project funding also focuses the organisation's efforts on specific deliverable goals, but it thus leaves little space for ongoing advocacy, responding to proposed legislation, creating new initiatives, or any kind of organisational development. Project support from public donors also tends to require that grant money be spent exactly as outlined in the initial proposal, with every penny accounted for, and they have burdensome reporting requirements that require administrative and accounting capacity that may be beyond smaller organisations.

Without the institutional support that the Partnerships and Trusts used to provide, many of the grantee organisations we heard from struggled to respond to often quickly changing political dynamics. The funding practices of US foundations, as well as these Partnerships and Trusts, tended to reflect a degree of trust that organisations with shared values would work towards the desired outcomes, without worrying too much about the details of the process. Some interviewees with whom we spoke longed wistfully for the days when US foundation funding was more prevalent.

This lack of institutional support was also found in the countries we visited where more donors are still present, such as the Balkans and Ukraine. Many groups there reported having to choose between applying for project funding in response to a call on a specific topic, or forgoing an opportunity for funding to focus on only those activities that are squarely in line with their missions. Some organisation leaders told us they were selective about the grant calls to which they responded; a few told us proudly that they did not apply to grant calls, but rather developed a relationship with a donor organisation based on shared interests, and then wrote a proposal to them after such discussions. Others spoke of the difficulty of taking on new work that is important or

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innovative but is not budgeted for in their project grants; instead, staff end up doing such work on their own time, putting in long hours and risking burnout. In short, the project support currently available does not allow organisations to develop or respond quickly to the needs they perceive in quickly changing political dynamics.

Synchronising the endgame with the exit strategy

While there was no immediate replacement for the kind of flexible, institutional funding guided by the shared values that the Partnerships and Trusts provided, there was also an assumption that, once inside the European Union, the political and economic conditions to sustain civil society would be in place. The donors to the pooled funds had a shared vision of European democracies with vibrant civil societies that can endure over the long run, are embedded in the culture of the society, and are supported from within that society. This is the endgame they believed their funding would achieve, and they believed it had been achieved upon accession to the European Union.

When foundations decide to carry out an exit strategy for their grantmaking programs, it should not be confused with having achieved an endgame; one does not necessarily ensure the other. Funders' exit strategies are often driven by internal considerations, such as changes in foundation leadership, board-initiated changes

in strategy, changes in the financial conditions of the funding institution, and the proclivity of funders to self-impose time limits on their involvement in any particular strategy. These realities notwithstanding, our former colleagues in the donor and foundation world and their grantees should insist on evaluating and re-evaluating all decisions about their involvement in civil society building (whether to enter the field, how to work within it, when to leave it, whether to return to it) in the light of their shared endgame.

One powerful example of the effective alignment of engagement with endgame is that in almost every country covered by the pooled funds, the legal underpinning of an enabling environment was put in place. From freedom of association, through regulations on registration that empower civil society organisations rather than shackle them, to tax regimes that provide incentives rather than penalties, the record is quite impressive. The fact that these legal underpinnings to an enabling environment exist does not ensure that they will be implemented or immune from future attack, but it is an example of endgame and exit strategies being in sync. Activities were undertaken that could be evaluated against an endgame of vibrant civil societies that can endure over the long run, are embedded in the culture of the society, and are supported from within that society.

However, even in the case of this example, past achievements are now under attack from government actors who are less convinced of the importance of an independent civil society. Amendments and policy changes that would weaken the enabling environment are being proposed by governments across the region, and those elements of civil society tasked with protecting the enabling environment are forced to respond quickly, often without adequate organisational capacity or the resources to do so. Exit strategy and endgame no longer seem to be in such good alignment.

Civil society as a multi-generational effort

Important as the legal underpinnings of the enabling environment are, they missed the wider societal context in which those organisations were operating. In order for civil society organisations to be embedded in the culture and sustained from local sources of funding, more work on addressing the larger issue of trust in civil society organisations would have been called for. A key positive example is a newspaper insert about civil society in one of the mainstream daily papers in Estonia, funded by the Baltic-American Partnership Fund, which brought stories of civil society projects to a wider audience. Many of those with whom we spoke identified a need for civic education, whether in schools or in other venues, and lamented its absence. More funding for efforts to build a culture of giving and promote charitable donations by individuals, as championed by community philanthropy, would also have been warranted.

It will probably take sixty years to create a civil society. Autonomous institutions are the hardest things to bring about.

The German-British philosopher and social scientist Ralf Dahrendorf made the point 30 years ago that building civil society is not a short-term endeavour, but rather a multi-generational effort. His quote was stated often at the time, but it is worth re-stating here for the lesson that needs to be re-learned: "It takes six months to create new political institutions, to write a constitution and electoral laws. It may take six years to create a half-way viable economy. It will probably take sixty years to create a civil society. Autonomous institutions are the hardest things to bring about."[1] With the benefit of hindsight, we can see that this quote was not taken to heart by the donors and foundations involved in the supporting of civil society through these five pooled funds.

In a changing political climate, it is crucial to support those civil society actors that keep the government in check and nurture democratic practices and values. This has turned out to be a longer-term project than the funders imagined, extending well beyond accession to the European Union. It has also turned out to require forms of support that were not fully foreseen by the funders, including support for the cultural and attitudinal changes needed to help people understand, support, and protect civil society organisations as being representative of their interests.

In our interviews, we heard firsthand from committed individuals in civil society who are determined to pursue activities that might expand democratic space and challenge illiberal governments. Rather than leave the field, many of them have continued this work, with deep determination but with fewer resources. The challenge is to find adequate resources to keep these civil society leaders and their organisations in place to protect the enabling environment, uphold democratic norms, and nurture new generations of activists and future generations of active citizens.

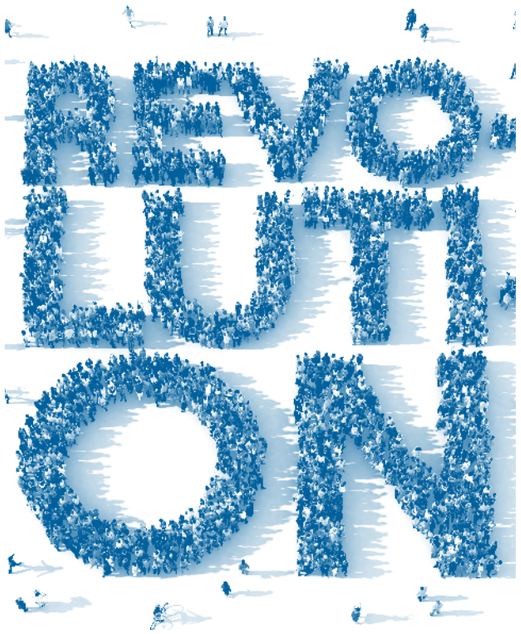
■

The article summarises a more comprehensive study that was conducted under the auspices of the Center on Philanthropy and Civil Society at the Graduate Center of the City University of New York.

1. Ralf Dahrendorf, "Has the East Joined the West?", *New Perspective Quarterly 7.2* (Spring 1990), 42.

State capture: how informal networks subvert **democratic state-building**

By **Veronica Anghel** | Bologna



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In assessing the state of liberal democracy in contemporary Europe, significant scholarly and public attention has been paid to the role of leaders. Post-Communist countries in particular are often the focus of scholars who announce a "democratic backsliding" engineered by populist "strongmen". This article suggests that in consolidating EU democracies, such attention is disproportionate in reference to the actual de-democratising effect of the emerging "strongmen". It draws attention to the systemic conditions that allow such leaders to surface, and focuses on state capture (the extraction of private benefits from the state by incumbent officeholders) as a joint-venture practice that precedes and outlives individual political lives and acts as a brake on further democratisation.

Introduction

How fast we forget how young the Central European democracies are. The economic, social and human rights progress which the post-Communist countries have made in just 30 years is undeniable. And yet, the 30th anniversary of the fall of the Berlin Wall has been overshadowed by political evolutions in some of these countries that contour the perceptions of democratic backsliding, challenges to the rule of law and freedom of speech, and the rise of far-right extremism and dysfunctional relations with the European Union (EU). This article analyses the state of democratic state building in Central & Eastern European (CEE) states against the backdrop of the great expectations of transition. It focuses in particular on the tensions between formal institutions and informal networks of authority, and claims that the advent of democratic institutions functioned as a constraint against the accumulation of power by self-interested privileged elites, but did not fully inhibit the conditions for the same elites to seek advantages in pushing back against such institutional effects. In the long run, this turned out to be an important differentiation.

The blurry and uncertain institutional context of the early 1990s allowed for the creation of parallel competing or substitutive informal norms that ensured limited administrative functionality where the state still lacked resources to do so. The downside was that this setting of informal norms did not incentivise political elites to respect the formal rules of liberal-legal democracies. Little electoral costs followed for not doing so, as the same politicians kept moving from one official position to another. Consequently, it was not necessarily rational for them to consider any change in their behaviour. Under these conditions, increased elite accountability to civil society and to international organisations, particularly the EU and NATO, continue to be the main enforcers for democratic state building.

What's in a man? Power personalisation and its institutional constraints

Democratic political systems are based on formal, legally codified power and informal power. When expectations of patron-client relations prevail, this interplay is affected negatively, to the detriment of individual and institutional autonomy supported by formalised regulations. According to one definition:

> *"Patronal politics refers to politics in societies where individuals organise their political and economic pursuits primarily around the personalized exchange of concrete rewards and punishments through chains of actual acquaintance, and not primarily around abstract, impersonal principles such as ideological belief or categorizations like economic class that include many people one has not actually met in person."* (Hale 2014: 59)

Often, patron-client systems have a visible leader who holds the reins of power over the pyramid of personalised relations which can discretely extract state assets. Should the leader be endowed with personal charisma and engage in strong personal role crafting, they can also accelerate the process of personalisation in coverage of their country in the foreign media (Balmas and Sheafer 2014). However, strong and charismatic leaders are not sufficient to ensure the survival of such networks, and they are unlikely to be able to do so within a constraining, democratic institutional design.

A researcher's work often comprises lengthy conversations with the actors involved in shaping the political context we live in. Our purpose is not merely to assess the present, but to unearth scenarios about the future. This often requires going back in time to understand why some of our expectations failed, and why it is that some scenarios took us by surprise. Let us take the example of Hungary as the expected front-runner of the 1989 democratic transition.

Strong and charismatic leaders are not sufficient to ensure the survival of informal networks, and they are unlikely to be able to do so within a constraining, democratic institutional design.

To this day, I have still to find a Hungarian politician – active or retired – who supports the otherwise popular view that PM Viktor Orbán underwent a sudden, opportunistic change of heart towards centralising state power through a constitutional makeover and enacting radically conservative politics in 2010/12, the year that brought the CEE countries back into the spotlight. Both allies – former and present – and opponents go significantly further back in time, to the early 1990s, to describe similar tendencies in Orbán's leadership and rhetorical style. And, more importantly, most confirm the accrual of a group of loyal politicians, experts and businessmen around Orbán who worked together towards a fusion of public and private interests since the early days of his party FIDESZ. What observers now evaluate as state capture by political elites, defined as the extraction of private benefits by incumbent officeholders from the state, seems to have had its roots well before the outside world became aware of it. Under the veil of anonymity, a representative of the FIDESZ elite told this author that the business/politics connections were "there from the outset, although it is true that the volume [of exchanges] may have changed". He described the accumulation of domestic capital in the hands of loyal FIDESZ businessmen as a way to circumvent the EU rules and competition policies that make state ownership and state aid difficult. As such, they become "front men" for building national capital. In Hungary, this and other policies are described by government members as elements of the new "national cooperation system". However, this inevitably leads to corruption around the very thorny issue of public procurement.

How did this long-term development fly under the radar until 2010? Was it perhaps considered politics as usual? Regardless of their politics, none of the interviewed elite members declared that FIDESZ had been original in doing so – only better. And yet, popular opinion remains focused on the personality of Orbán himself and his effect on Hungarian democracy, as it remarks the sudden backsliding of Hungarian democracy under his leadership in the last decade.

Focusing on leaders as principals in significant changes has its merits. And yet, this perspective alone leads to inaccurate long-term scenarios, and paints too simple a view of state-building realities in post-communist CEE. By focusing on individuals, we tend to also ignore the systemic conditions that allow the emergence of regional strongmen, which are unlikely to

A defining feature of PSD was a cross country web of patron/client relations led by Liviu Dragnea.

vanish should these men disappear. We may also not pay attention to countries where the leaders are less notorious, but where conditions for accelerating the ebbs in the democratisation process are also present.

Romania also lived through its own moment of significant institutional challenge in 2012 when a legislative majority made up of the Social Democratic (PSD) and National Liberal Parties (PNL) also passed a series of interconnected laws aimed at a fast takeover of institutions that would have set in motion a similar centralisation of power. However, the leaders of this alliance, Victor Ponta and Crin Antonescu, faltered under international pressure to carry the plan through, and in the end no significant institutional changes took place in Romania. The alliance eventually broke down and the Social Democrats continued to fight for controversial, self-serving reforms to the justice system. The change of party leader did not amount to a change of style; Liviu Dragnea took over from Ponta (2015) and became the new regional strongman, supported by a group of faithful acolytes and a cross country web of patron/client relations. In the meantime, civil protest and pressure from the EU managed to maintain the power-sharing institutional design unchanged. Dragnea's replacement, the new party chairman and PM Viorica Dancila (2019-) inherited these networks herself and became their patron.

Immediately after winning the 2015 elections in Poland, Law and Justice Party (PiS), a socially conservative, Eurosceptic party proceeded to change the rules of the constitutional design. Five constitutional court judges were replaced following a legislative amendment that allowed the majority to do so. Unlike the temporary political situation in Romania, where cohabitation has impeded some of the parliament's actions, Poland experiences the political unity of PM and President. This leaves little room for manoeuvre by means of legislative leverages. PiS benefits from a wide support of businessmen and local

politicians built up over many years, and yet most attention is directed towards Jarosław Kaczyński, PiS's leader, who is blamed for his country's rightward, nationalist drift and the increase of selective advantage institutions. A closer investigation of the network of relationships between businesspeople and political actors that have emerged across Poland during the transition (see Schoenman 2014) reveals the existence of a cultivated group of insider businesspeople who had also supported the left-wing governments of the past.

Hungary, Romania and Poland drew their share of attention for challenging the rule of law in order to perpetuate a certain group of elites in power, and for resisting reforms that would have tackled corruption, thus straining their relations with the EU. Individuals have been singled out and the leaders responsible have been identified with discretion. However, other countries, such as Croatia and Bulgaria, continue to fly under the radar – this in spite of their usual close positions relative to Romania (often lower) in terms of perceptions of corruption, difficulty in conducting business, degradation of human rights, freedom of speech and freedom of elections (see the V-Dem Database, the World Bank, the Economist Intelligence Unit Democracy Index, and Transparency International).

In Croatia, the dominant party of the transition, the Croatian Democratic Party (HDZ), continues to preside over unresolved issues, such as the corruption of the judiciary and large amounts of illicit financial outflows via crime, corruption and tax evasion. The potential replacement of the current HDZ chairman and PM Andrej Plenković is unlikely to resolve these pending matters. EU constraints over Croatia are also likely to weaken with the probable future selection of someone from the conservative wing of HDZ as the new chairman. The Bulgarian PM Boyko Borisov's staunch pro-European rhetoric has also earned him credit with EU observers, despite mounting evidence of corruption among his circle of loyal party members as a result of their overlapping political and business interests.

30 years after the fall of Communism the formal changes introduced from above have met significant resistance from patterns of informal norm systems, which are also the sources of clientelism, corruption and networks of political patronage.

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Thirty years after the fall of Communism, the countries of CEE are increasingly proving to have multiple centres of informal authority which exert fluctuating degrees of influence on the processes of democratisation and state institutionalisation. The introduction of democratic institutions – and their intrinsic formalisation of elite relationships – clashes with persistent informal practices. In other words, the formal changes introduced from above have met significant resistance from patterns of informal norm systems, which are also the sources of clientelism, corruption and networks of political patronage. The widespread acceptance of these informal norm systems caters for whichever presiding force finds its way into the loci of state power. By circumventing predictability, their effect is anti-competitive and anti-meritocratic, favouring those who are "in the know" and have privileged access to politicians. This favours the development of "one-party state" forms of political organisations, regardless of their ideological inclinations.

Conclusion

Boundaries between the state and the economy are a feature of democracy. Substituting formal distributive institutions and replacing them with discreet mechanisms for resource allocation poisons the roots of democratisation. In CEE, informal patron-client networks divert the positive outcomes of rational-legal norms in competitive economic markets, as well as others which we did not tackle here such as the media. While the importance of strongmen is undeniable, focusing too much on the "masters of puppets" obscures the larger picture of the pre-existent conditions for their success.

This article suggests that early evaluations of the fast-forward democratisation of the post-Communist countries were rather based on wishful thinking rather than realities on the ground. It reminds us that 30 years' experience with democracy is not enough to achieve success. It also claims that building democracy is a long game that requires solidarity and constraints to interlock strategically in order to deliver the legal-liberal order that the institutions brought from outside were meant to deliver.

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A more effective way of tackling **institutionalised corruption**

By **Silvia Fierăscu** | Timișoara

In countries where corruption is an endemic problem, the investigative and intervention strategies being employed to curb the phenomenon at present are not working. Despite the consistent efforts and resources invested into such initiatives, they fail to lower the levels of corruption. Why is this? It is because, in countries with systemic corruption, we are dealing with institutionalised complex networks of corruption. The current methods used to disrupt them do not address these networks' organising principles with the right data, conceptual framework or analytical tools.

The successful convictions in countries such as Romania are of limited impact because they are relatively random shocks on resilient ecosystems of corruption. Thus, instead of creating long-term disruptions in these corruption machines, investigations rely extensively on randomly obtained, subjective data and politicised investigation instruments. If we want anticorruption investigations and interventions to be more efficient and effective, we need to start mapping these networks using objective data, analyse them with the appropriate methods, and focus on designing the most impactful disruption interventions. By using network and data science, objective data and technology, institutions and organisations with a stake in anticorruption can meaningfully contribute to systematic, sustainable, data-driven, and evidence-based anticorruption policies.

The promise and peril of anticorruption efforts

Despite the amount of financial support, number and diversity of initiatives, programmes and projects, press coverage, public protests, and tech solutions invested into the global anticorruption fight, research and practice show that they have had little impact in reducing general levels of corruption[1]. It is not that anticorruption efforts, individually, have failed. It is rather that, collectively, they do not amount to sustainable models of anticorruption policies. An important reason for this is that they rely heavily on subjective measures of corruption, such as accounts from whistleblowers, perceptions of corruption, and a principal-agent framework for understanding the phenomenon; they largely ignore the environment of interactions between legal and illicit behaviour which often go hand in hand with the broader phenomenon of state capture.

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First, the scientific literature that informs the practice is disparate and inconsistent, and the studies make extensive use of data on perceptions of corruption to understand the phenomenon. Perceptions of corruption, the most commonly used type of quantitative data in corruption research, reveal important contextual information. However, they are sensitive to general public opinion, interactions with limited and biased media content, and peer pressure, and they represent pre-formed beliefs concerning the phenomena they observe, which makes these studies and insights hard to compare across countries and contexts.

Second, criminal investigations of high-level corruption rely overwhelmingly on whistleblower accounts. These are notorious for being an easily politicised instrument. Additionally, whistleblowers lack proper protection across countries, and

1. https://www.un.org/en/events/anticorruptionday/; https://www.greensefa.eu/files/doc/docs/e46449daadbfebc325a0b408bbf5ab1d.pdf; Mungiu-Pippidi, A. (2017), "The time has come for evidence-based anticorruption". *Nature Human Behavior*, (1): 0011 (https://www.nature.com/articles/s41562-016-0011); https://www.oecd.org/dac/conflict-fragility-resilience/publications/FINAL%20Addressing%20corruption%20together.pdf.

are thus deterred from coming forward. They are often active participants in the corruption machines, making them less likely to come forward at the key times, but rather at personally convenient and safer times. Most importantly, they can only validate their local-level surroundings and account for small-scale and incomplete pictures of the network structures and mechanisms at work in the corruption machines, making their contributions relevant but rarely decisive in dismantling these ecosystems.

Third, the civictech space on anticorruption is still preoccupied with information and data management, and is not yet engaged at the level of systematic investment in data analytics. And when they do perform data analytics, the focus is on local solutions, exploratory procedures, data visualisation or platform design, and less on interpretation of results, specific problem-solving or scale-up strategy. Moreover, the civictech space is only in the early stages of working more consistently and extensively with empirical data on corruption.

Fourth, legislation is still missing or ineffective, or lacks proper implementation across countries, rendering it unable to ensure an integrated system of correction for high-level corruption, such as confiscations or loopholes around time in prison; it remains unable to offer proper protection to whistleblowers, or to financially and consistently support anticorruption efforts in different areas of social life.

Taken together, these challenges prevent the accumulation of knowledge, make it hard to do cross-country comparisons and even in-country comparisons at different time periods, and perpetuate disciplinary and geographical boundaries instead of enabling interdisciplinary, cross-sectoral and global collaboration. There is an emerging literature which is trying to bridge vocabularies, use objective data, analyse it with appropriate methods and work cross-sectorally, and use technology to apply and implement their knowledge; but this movement is rather new, and still very small when compared to mainstream academic and policy work.

To be sure, I am not arguing that such subjective accounts are not useful or needed. On the contrary; they are necessary to confirm and validate cases, and to obtain deep knowledge of how the corruption machines function. Mass perceptions of corruption are also necessary to gain a sense of the diversity of the situations at play, from the perspective of those involved in or observing such situations. A principal/agent framework for conceptualising corruption is useful to understand specific and small-scale situations of dependency and influence.

I am arguing, however, that subjective data cannot form the starting point of anticorruption investigations, interventions and policies. To be efficient, effective, and sustainable, these activities need to be informed, first and foremost, by quantitative analyses of big, objective data, of the kind which provides an initial "big picture", a broad overview and key, actionable insights into those areas of investigation and intervention that can be prioritised. They can then be further validated and detailed with subjective accounts.

There are cases of countries that have made considerable progress in fighting corruption, such as Romania, Georgia, Singapore and South Africa. However, the sustainability of their models in the long run is still debatable. One example can be seen in the drop in institutional performance after the political removal in 2018 of the Chief Prosecutor of the Romanian Anticorruption Directorate, the political pressure on the institution while she was still in office, and the lack of government

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support and personal attacks throughout the process of her recent nomination as European Prosecutor in 2019. Whether the anticorruption approaches involve a top-down strategy to tackle grand corruption, as in the case of Romania, or a bottom-up strategy to tackle bureaucratic and petty corruption, as in the case of Georgia, these models are still vulnerable, in part because of the approaches they take in research and practice when it comes to criminal investigations and disruption interventions.

An alternative approach

In countries with institutionalised corruption, levels of corruption also fail to fall because we are effectively dealing with something else, a deeper and much more widespread problem – state capture. In broad terms, state capture is when a narrow group of actors systematically hijack the purpose of a state function to serve their own narrow interests. One example of a state function that is very vulnerable to state capture is public procurement. Annually, states spend between 5% and 20% of their GDP on procuring products and services from private firms to deliver public goods – planning, building, maintaining roads, schools, hospitals, infrastructures, etc. When this area of the state is no longer able to deliver quality products and services for its citizens, but rather favours the enrichment and empowerment of a narrow, non-random group of individuals and organisations, then we say that the public procurement function of the state has been captured.

State capture is an umbrella concept, covering many techniques and mechanisms through which a state function can be diverted from serving the people: from legal corruption to embezzlement, and from administrative incompetence to organised crime. The practices that lead to state capture vary along a broad spectrum, from using a legal or institutional framework to using informal relations, bribery, pressure or extortion, for example to change the rules of the public

procurement process in order to ensure that certain firms receive state contracts; to use business companies to derail public funds; to pressure politicians to pass legislation favourable to business; to use political influence to reward businesses for loyalty and support; to use business resources to constrain political actors into legislating on their behalf; to change the justice laws to favour a few convicted individuals; or change the legislative process to favour the stay in power of a few politicians or political organisations.

What makes state capture important is the fact that the interaction between political and business elites and the organisations and institutions they represent is a continuous process that has extensive and multifarious consequences. Institutional affiliations create histories of organisational ties. These relational precedents create expectations at the institutional level about future collaboration, and structure the choice of ties at both the individual and the institutional levels. They signal personal and industry- and society-level awareness about group boundaries, group membership, and key positions within and between groups.

The main problem with institutionalised corruption is that the networks it creates outlive their individual participants. Individuals eliminated from these networks will likely be replaced by other players

The entanglement of unethical political-business ties leads to a certain logic of action at the highest levels of representation which discriminates heavily between groups of stakeholders. They are inherently damaging for the democratic polity because they entail unequal and selective distributions of incentives and benefits to narrow groups, at the expense of the public interest. When they start to occur systematically, they entrench the inequalities into the wider system. They become generalised, predictable, expected, informally-known rules of engagement that set up informal expectations ("This is how things are done around here"), define roles ("Mr. 10%") and constrain behaviour ("I am not signing anything before my boss arrives"). These practices become part of a vicious circle of interchangeable formal and informal interactions, personal and public approaches, positive and negative outcomes.

The main problem with institutionalised corruption is that the networks it creates outlive their individual participants. Individuals eliminated from these networks will likely be replaced by other players, and if damage is done to the operation of the corruption machine, its impact cannot be assessed unless we know the original structure of the network and the subsequent structure of the network after the intervention.

By defining state capture as a networked phenomenon, and by focusing on an area that has increasingly reliable and comparative data to work with, we are now able to systematically map these networks, assess the corruption risks at different levels of interaction, test optimal disruption scenarios, and design better interventions for which we can also meaningfully measure impact.

Empirical evidence

In my research, I used information on high and low corruption risks associated with more than 2 million public procurement contracts, across 28 European countries, over a period of 10 years (2009-2018)[2], in order to build public procurement networks. In these networks, I link buyers (public institutions) to suppliers (businesses that won public procurement contracts) if they signed a public procurement contract. Each network tie (contract signed) has an integrity score from 0 (low integrity) to 100 (high integrity) attributed to it, based on the index developed and refined by Mihály Fazekas and collaborators[3]. The index is one of the most important advancements in the measurement of institutionalised grand corruption. It is a composite measure of elementary (micro-level) red flags that allows for the comparison of corruption risks of public procurement contracts across countries, such as whether a contract had a single bidder, whether the call for tenders was published online, when the period for applications was started, the age of the company that won the contract, and other indicators related to the overall integrity, administrative capacity and transparency of the public procurement process through which each contract went.[4]

The aim of the analyses was to generate visual maps of the distribution of corruption risks in the public procurement networks, with the purpose of devising a data-driven intervention framework for disrupting the corruption networks. There are two dimensions of interest in devising the disruption strategies of complex networks that are informed by network theory: first, whether the network structure is fragmented or cohesive. A more fragmented network, where there are different small, disconnected groups of organisations, is easier to target than a cohesive network, where the organisations are highly interconnected. Removing the central players that control situations of corruption from small, fragmented components effectively ensures that the network structures will collapse. On the other hand, simply removing players at random from a cohesive network will not generate disruptive shocks to the system. Second, whether the structures with high

2. Data obtained from opentender.eu.
3. Fazekas, M., & Kocsis, G. (2017). "Uncovering high-level corruption: Cross-national objective corruption risk indicators using public procurement data", *British Journal of Political Science*, pp. 1-10.
4. A complete list of indicators used to calculate risks of corruption is available here: A complete list of indicators used to calculate risks of corruption is available here: https://drive.google.com/file/d/1fb7CqXJ2dqbbYuiZRF8RU0qEBHwOoiGM/view

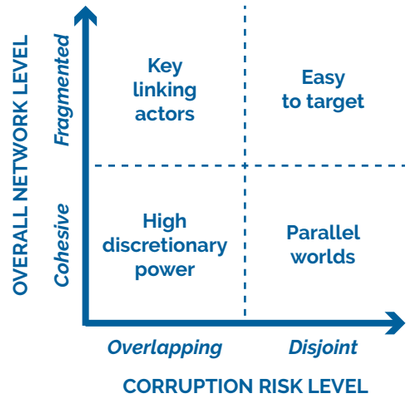

Figure 1. *Data-driven network intervention framework*

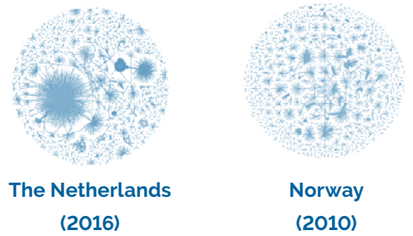

Figure 2. *Four typical empirical public procurement network structures*

and low corruption risks are disjoint or overlapping. Network components that have developed in parallel, and where the two types of corruption risks are disjointed, allow for the better targeting of the high corruption risks without disrupting clean behaviour. On the other hand, if clean contracting and high corruption-risk contracting frequently overlap, they signal high discretionary power on the party of the organisations, and intervening to limit high corruption-risk behaviour might also disrupt areas of clean behaviour. Figure 1 summarises this conceptual framework.

Figure 2 shows four typical public procurement network structures that were identified across the 28 countries. In these networks, public institutions are connected to businesses through public procurement contracts, to which integrity scores were attributed. The emphasis in the graphs is placed on the colours of the ties (i.e., the integrity levels of the public procurement contracts): orange means a high corruption risk, while green means a low corruption risk associated with that particular contract.

The public procurement network in the Netherlands in 2016 illustrates a fragmented and disjointed network structure that is easy to target. An investigation can prioritise looking into the main, disconnected orange component, targeting the central organisation in that component. Because the structure is hub-and-spoke, removing the central actor de facto dismantles that component, separating the high corruption-risk hive into disconnected players. Or, if the investigation institution wants to go for quick wins, it can prioritise interventions into smaller high corruption-risk components, which require fewer resources to pursue. Ideally, procurement markets featuring high corruption-risk behaviour would be fragmented and disjointed.

The public procurement network in Norway in 2010 illustrates a fragmented and overlapping network structure that requires the identification of the linking actors which hold the larger high corruption-risk component together. The aim is to disconnect it into smaller components, first by targeting the organisations that bridge the otherwise disconnected parts of the network, and then going for the central actors in each smaller component.

The public procurement network in Hungary in 2012 illustrates a network structure where the low corruption-risk organisations and the high corruption-risk ones do not interact at all. They have developed their own ecosystems and work in parallel to each other. This graph reinforces the idea that, at least in smaller markets, the players know each other well. In Hungary, low corruption-risk public institutions and businesses know each other and completely avoid doing business with the organisations they know are involved in corruption. In this case, the high corruption-risk component needs to be treated independently, looking for bridging actors, influential and central organisations, and targeting them sequentially without any fear of disrupting the healthy part of the public procurement system.

Finally, the fourth type of network structure is illustrated by the case of the Romanian public procurement system in 2014. This network structure features the largest connected component where clean behaviour and high corruption-risk behaviour are hard to disentangle. This shows that public institutions as well as businesses maintain a large discretionary power in how they contract: assessing the situations on a case-by-base basis, sometimes they sign clean contracts, other times high corruption-risk contracts. This type of network is the hardest to dismantle, especially if the way it is being investigated does not involve looking at this map of connections and relying on subjective accounts, with limited information about behaviours that are inconsistent.

Cohesive and overlapping networks are very robust to random attacks. These random attacks can require the spending of institutional resources and time orders of magnitude larger than if the interventions on these structures are carried out after a thorough analysis of who the key players are, what the most important groups are, and serious tests of the optimal ways to intervene in the network without disrupting the healthy behaviours altogether.

Looking at the case of high-level corruption in Romania from this perspective, one immediately understands the reasons why, despite the success of the National Anticorruption Directorate in convicting an impressive number of high-level politicians and business people, the overall level of corruption in the country has not significantly decreased; or to understand their institutional incapacity to effectively handle overflowing mandatory investigations into the cases raised by whistleblower accounts, instead of prioritising institutional resources in an objective, analytical way; or the consequences of these cases in the public sphere, like popular disenchantment with the anticorruption fight upon the realisation that the corruption machines continue to exist, dynamically replacing the players knocked down, and which are unaffected even by the historic event of jailing one of the most powerful corrupt politicians in the history of the country's post-Communist development.

Call to action

This essay was guided by two main questions: **(1)** why do anticorruption policies fail, and **(2)** how can we improve them? The short

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answers illustrated here pursue two aims: first, to reframe the anticorruption fight from disenchantment into a more productive discussion, where different stakeholders feel empowered to contribute in various ways, rather than feeling disillusioned and powerless. Second, to encourage institutions and organisations with a stake in anticorruption in all sectors to undertake more systematically scientific research and use civic technology to aid their daily operations, success and impact in this game. The essay thus addresses two main audiences: the general public, who are somewhat informed about anticorruption efforts, but who have minimal instruments at their disposal to contribute to these efforts, such as time, interest and transferable skills, but who can become agents of bottom-up pressure and

productivity in anticorruption initiatives; and the specialised public, experts working in public, business or civil society institutions and organisations, with more specific instruments at their disposal to contribute top-down to these efforts, such as using their capacity to institute interdisciplinary data science teams that can work on these problems more systematically.

The analytical framework for detecting the institutionalisation of corruption risks in public procurement is an essential advancement in the comparative study of state capture. There are several contributions that this network perspective brings to understanding state capture and anticorruption efforts. First, this approach uses a more intuitive and realistic understanding of how high-level corruption works. Second, it uses public and objective data, such as financial flows, to map the phenomenon and reveal the mechanisms which are at work in different contexts. Third, it is an approach that can be empowered by technology, because it allows for the design and implementation of a sustainable platform to collect, analyse and visualise objective data to make informed decisions, using cutting-edge, valid, reliable, replicable methods and indicators. Fourth, because it enables systematic, data-driven and evidence-based disruption scenarios that not only optimise institutional resource spending, but also disseminate information about more sophisticated strategies that have foreseeable and quantifiable consequences instead of surprising unintended consequences, like disrupting the entire administrative capacity of public institutions, or introducing more uncertainty and deterrents to businesses from competing for state contracts.

This is, nevertheless, the start of an entirely new research agenda[5], which will be subject to further research into different directions. With increasing civil unrest across countries concerning matters of grand corruption and state capture, research on these topics is more relevant than ever. With more objective, standardised data being increasingly made available across countries, researchers have a unique opportunity to advance the knowledge of these phenomena. Using objective data and a robust analytical framework, practitioners and prosecutors have a better chance at designing effective and efficient public policy, interventions, and criminal investigations. My hope is that the added value it brings is appealing, and will make the endeavour productive and engaging.

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5. Fierăscu, S. I. (2019). *Redefining State Capture: The Institutionalization of Corruption Networks in Hungary.* Bucharest: Eikon.

Ambiguities of dependent development: **state, capital and the great insertion**

By **Cornel Ban** | Copenhagen

There is no doubt that the most internationally competitive parts of Romanian capitalism, as well as some of its vulnerabilities, can be linked to foreign capital. This is a broader regional story. By inserting Eastern Europe into complex pan-European supply chains, FDI has contributed to sustained GDP and purchase power growth, improved financial credibility, and helped increase productivity and export complexity while slowing down the pace of deindustrialisation. Romania was no exception to this trend, and reclaimed its comparative advantages in medium-skilled segments of relatively complex manufacturing industries, even though only 3% of the multinational enterprises operating there had their command centre in the country (as opposed to 20% of them in Estonia, Lithuania and Slovenia).

This article has three aims. The first is to map out the extent to which foreign capital altered the deep structures of the Romanian economy. The second aim is to test the claim that Romania's industrial recovery and growing export complexity is the result of market forces alone, with the post-Communist state relegated to the doghouse of history. Third, the article tries to explore the strengths and weaknesses of Romania's industrial policy, given its limited ambit, poor coherence and weak state. The main argument is that for anyone who remembers the 1990s, Romania has come a long way, and this transformation cannot be adequately comprehended without understanding the role of the state in coordinating with critical parts of (mostly foreign) capital. Indeed, in Romania that is what political economy is mostly about. Romania may have experienced a harsh form of neoliberalism, but as has been argued elsewhere[1], neoliberalism is not market radicalism. Rather, it is a form of (mostly) upwards redistribution, either with some positive side effects for moving the economy up the value ladder, or expanding and preserving the social coalitions that underpin its political power. However important these social coalitions of winners (and losers) or the attending politics of redistribution are, for reasons of space they are left outside the remit of this analysis.

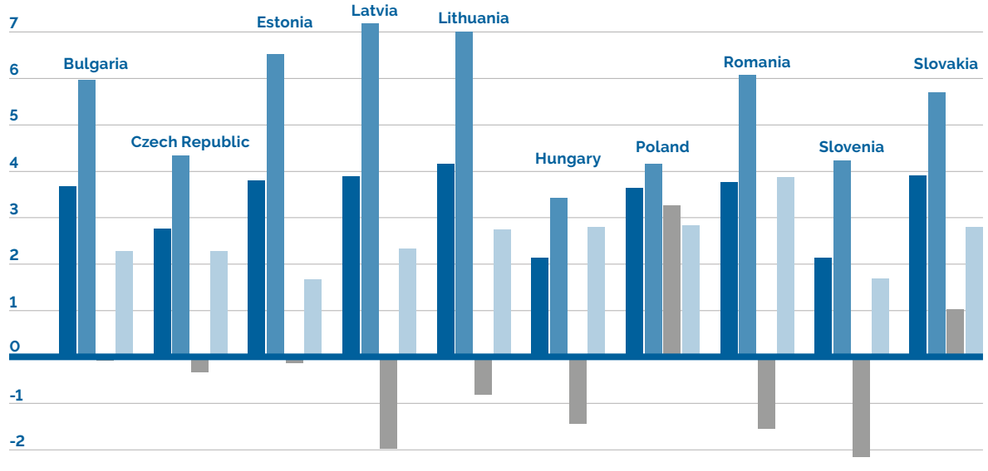


Figure 1: GDP growth
Source: Author's calculations based on Eurostat

Seen from a helicopter, we've never had it so good

Pace the self-deprecating grumbling in Bucharest, in conventional terms (GDP, industrial recovery, wages) Romania has had a good run compared to other semi-peripheral CEE economies, an example of the well-worn argument that dependence can cohabit with development, at least as conventionally understood. Since the crisis, it has had the strongest economic recovery in the region and the highest rate of export growth (Figures 1 and 2). Countries that did not benefit from these inflows by virtue of being outside the EU (Montenegro, Ukraine, Georgia) have seen their economies lose pace in relative terms (Figure 3). All this came on the back of increasing FDI and an increasingly export-oriented growth model that has only recently received a wage-led modulation in both Romania and its neighbours.

1. Cornel Ban. *Ruling ideas: How global neoliberalism goes local.* Oxford University Press, 2016.

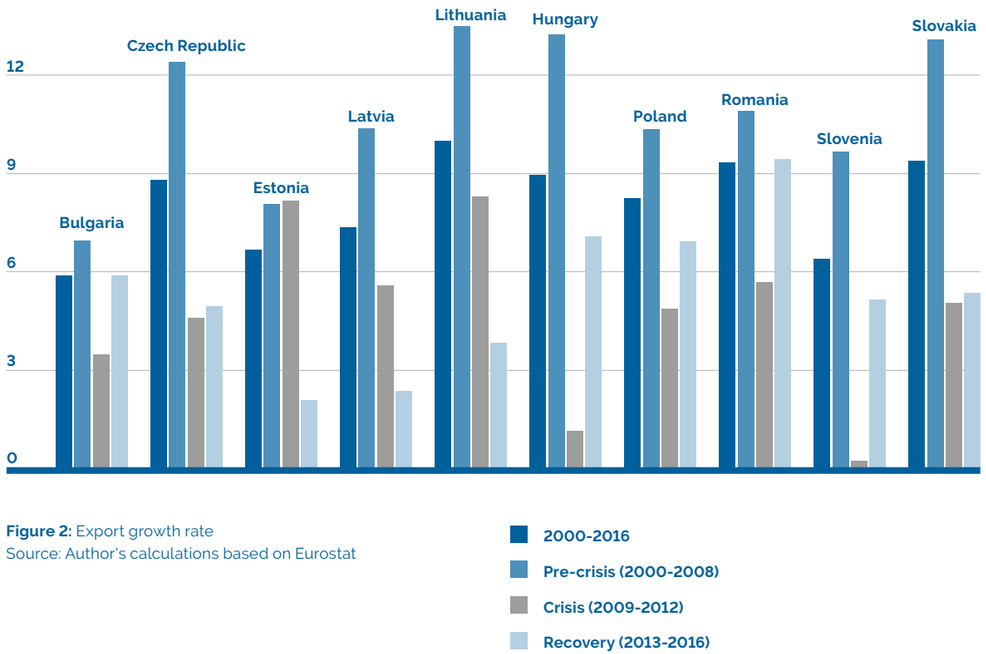
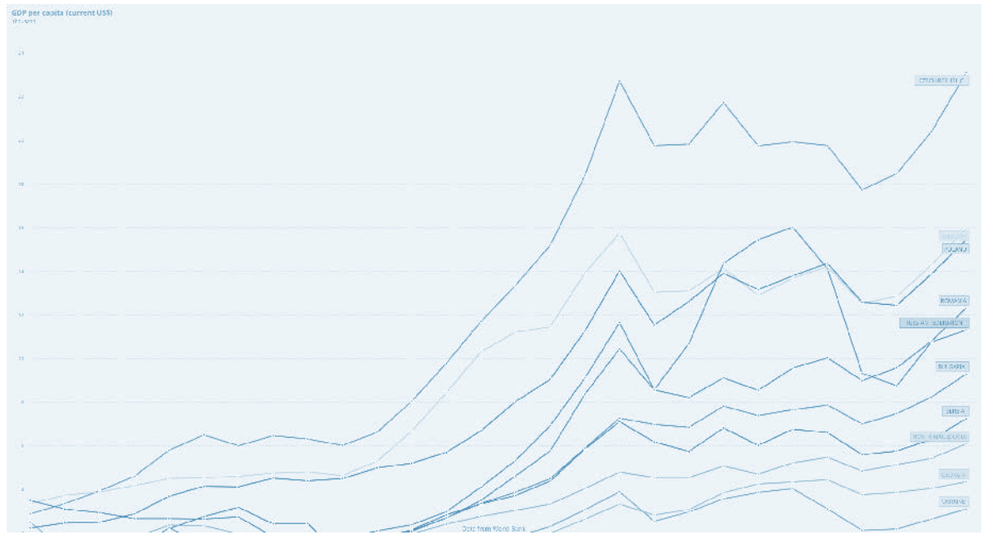


Figure 2: Export growth rate
Source: Author's calculations based on Eurostat

Figure 3: GDP per capita (current US dollars)



The trade-off between the dominant position of foreign capital and the capacity to harness FDI to increase the complexity of exports is the fundamental characteristic that makes Romania a dependent but fast-developing market economy. Domestic capital is too weak and service-oriented to power a competitive export-oriented regime. With few exceptions (agriculture, furniture, constructions and tourism), Romanian capital is poorly internationalised and plays the role of supplier to the multinational sector. In contrast, multinational firms (MNCs) account for most of the exports, 49 % of business turnover, and occupy strategic positions in high value-added and high return sectors such as automotive manufacture, electronics, ITC, logistics and finance. Piarom has estimated that without MNCs Romania would see its exports fall by 70% and its GDP by 30%. MNCs are also considerably larger than their Romanian counterparts (while there were 322 foreign-owned firms with a rollover of over US$50 million USD, only 138 Romanian-owned firms could boast of this size). The country is not unique in this regard: most CESEE countries are dependent market economies (DMEs) whose most vibrant manufacturing, banking and service sector cores are controlled by multinational capital.

Largely as a result of the internationalised supply chains brought by MNCs, Romania has retained a consistent share of industry in its GDP. Between 2004 and 2008 the growth of the turnover rate (the total of all sales) in the manufacturing sector rose faster in Romania, not only relative to the liberal Baltic models, but also relative to all the other DMEs (Eurostat 2012), with energy, automotive, steel and chemicals dominating the top 50 firms by size. In 2018, at 21% of GDP, the Romanian manufacturing sector's share of the economy puts Romania in the same league with Slovenia, Slovakia and Hungary, rather than with the less industrialised Baltic states or Bulgaria. Compared to the 1990s, exports in 2010s were 600% larger and their share in the GDP has increased. Since the recovery, Romania has had the greatest average annual growth rate in exports in the region, with FDI accounting for 70% of total exports of goods and 56% of services by 2015 (BNR 2016: 14-15).

Moreover, the contribution of exports to GDP growth over the 2008-2015 period is in the same league with Slovakia and the Baltics, and far outstrips that of traditional export champions like the Czech Republic and Hungary. With its 1.2 million industrial workers, Romania has the sixth largest manufacturing labour force in the EU27. None of this fits squarely with the conventional representation of Romania as a deindustrialised economy with too little wealth left to tax.

Industrial recovery within global supply and value chains

Contrary to popular opinion, Romania's industrial base is not in a low value-added trap; and as such, the country's declining tax revenues appear even more surprising. In relative terms, Romanian exports are not all that dissimilar to the dependent market economy model specific to the Visegrád countries. In the ranking of export complexity by MIT's Economic Observatory, the level of complexity of Romanian exports has gone from a low level in the early 2000s to ranking close to that of the Netherlands (although it is still lower than in Hungary, the Czech Republic or Slovakia). Surprisingly, it is higher not only relative to medium-income Bulgaria and the Baltics,

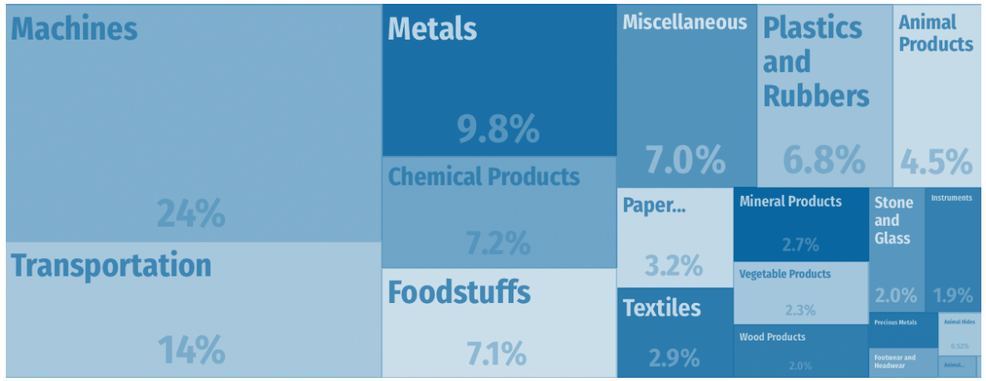


Figure 4: What did Poland export in 2017?
Source: MIT Atlas of Economic Complexity

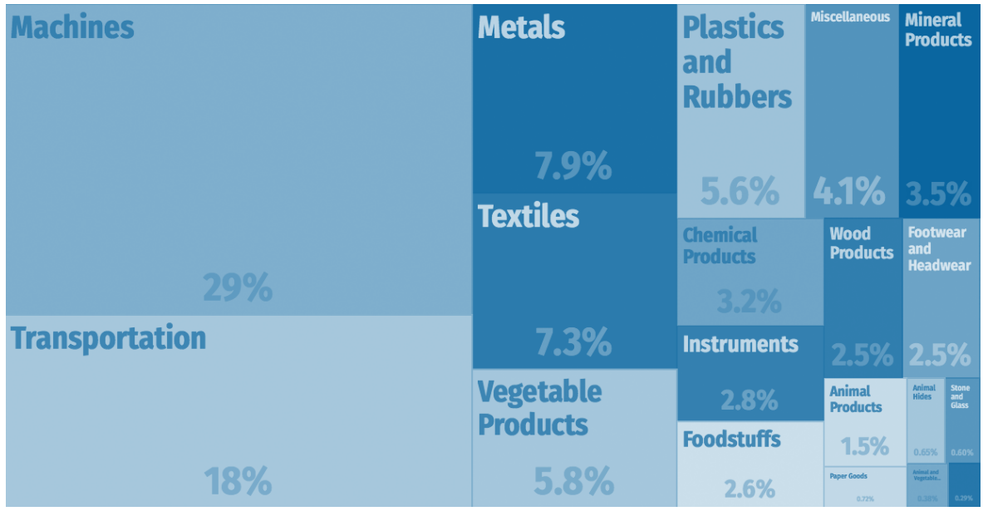


Figure 5: What did Romania export in 2017?
Source: MIT Atlas of Economic Complexity

but also to Spain and Portugal, two high-income European economies[2]. Within the DME world, Romania's export profile is virtually converging with Poland in terms of their complexity and, one should note, dependence on the auto industry, with all the attendant fallout that will come from the crisis of this industry in Europe (Figures 5 and 6). In contrast, the Baltic states and Bulgaria have export profiles that put them in the company of commodity exporters (Brazil, Canada), traditional low-end manufacturing economies (Portugal) or war-ravaged economies (Lebanon, Serbia, Bosnia).

2. MIT, The Observatory of Economic Complexity, http://atlas.media.mit.edu/rankings/

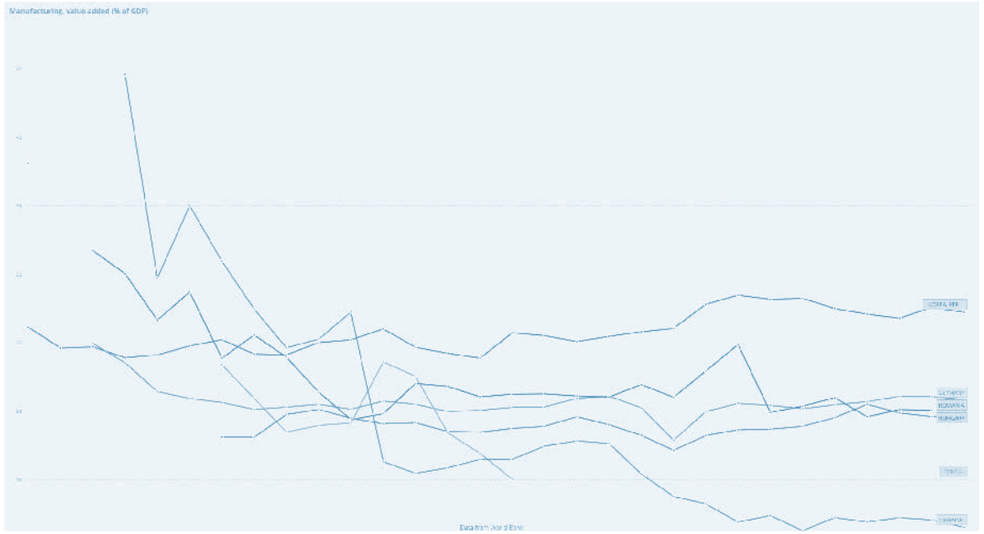


Figure 6: Manufacturing, value added (% of GDP)
Source: The World Bank, available here

In terms of value added, industry declined in Romania relative to 1990, which was to be expected, but whereas Romania stabilised somewhere around German and Hungarian levels, non-EU countries from the region that started from better (Ukraine) or comparable (Serbia) levels experienced a drastic decline from which they have not recovered. The Romanian industrial structure is becoming more complex, and not just in its export structure. While the number of employees in metallurgy, textiles and footwear is rising, the number of workers in IT, the automotive industry, optic instruments and electronics has gone up every year since 2008.

To zoom into this a bit more, while enlarging its geographical span, the value added of industrial production (per capita in thousands of dollars) differs in several industrial countries from different continents between the end of really existing socialism and 2014. While Brazil stagnated and China shot up from a disaster point around the time of the Tiananmen massacre, Hungary went through a kind of industrial golden age relative to 1989. Unlike in the case of China, which continued to go from one height to the next in terms of valuable industrial growth, Hungary's path began to plateau after 2006.

The contrast with Romania is interesting and needs more research: in this country, the "transformational recession" of 1991-2 and the shock therapy of 1997 exacted a double dip in industrial value added; but after 2001, as it became likely that the country would join the EU, the situation improved quite dramatically, with billions of what turned out to be increasingly complex West European industrial investment pouring in. The more reduced investment inflows after 2008 tempered this growth, as in Hungary; but had the deindustrialisation shock of the 1997 "reforms" not kicked in, the existing gap between Romania and Hungary would

have been less significant, had the post-2001 rate of industrial value added been there for the entire 1997-2014 period. In short, the counterfactual history worthy of further research is that had Romania already been as integrated with West European industrial inflows in 1996, and had the "shock therapy" deindustrialisation not been adopted, Romanian industry would not, many years later, have been closer to Hungary's in terms of its value added.

The trade-off between the dominant position of foreign capital and the capacity to harness FDI to increase the complexity of exports is the fundamental characteristic that makes Romania a dependent but fast-developing market economy.

If we were to be sceptical of industrial production value added as a metric, consider the more conservative variable called "relative position in world industrial competitiveness." There is no room for massaging the data here, as countries are evaluated against each other. Romania, Ukraine, Hungary and Turkey start from very similar global positions in 1990, outperformed as a group by Brazil. While Brazil's positions erode slightly and Turkey's improves somewhat since 1990, Romania and Hungary experience an initial descent in the early 1990s, but after 1994 Romania goes through several years of Brazilian-style decline. Again, EU investment in the 2000s engineers some convergence, but the "lost decade" of the 1990s and the delayed EU integration bites hard into long-term performance, leaving a gap with its Western neighbour that endures to this day. In a sense, the destruction of the industrial base from the 1990s was so extensive that, for all the massive shifting of West European manufacturing into Romania, the country has barely returned to where it started from its global ranking of industrial competitiveness.

The "EU outsider" effect is even clearer in the case of Ukraine and Serbia, which provide interesting counterfactuals. Serbia's decline is sharp, and should be tied to the effects of war and sanctions (although their effects should have waned in the nearly 20 years since their end) but pre-conflict Ukraine shows even more clearly that not being exploited by multinational European capital, as a former Communist country with no private capital accumulation of its own, is worse than being exploited, with Ukraine never managing even the damage control that Romania and Hungary experienced on the industrial front as European capital integrated these countries into their supply chains.

The withering away of the state?

In libertarian fantasies, the state should wither away under capitalism, its functions relegated to such basic functions as police, defence or justice. In "ordoliberal" fantasies, the state should be little more than a maker of markets and enforcer of competition. In reality, the hand of the state is much bigger than that in really existing capitalism. Indeed, without the state, financial systems would collapse, innovation would be minimal, and many markets would not clear. The linkages between industrial policy and R&D are a case in point. While state elites in Eastern Europe trumpeted the virtues of "free" markets, they also tried to break the locks of dependence in favour of more domestically-generated high value added, with investor loyalty and the higher costs of MNC relocation as additional benefits. Romania is no exception, with most decision-makers sharing the idea that policy should extract the industry from its low complexity trap of the late 1990s, when textiles, footwear and timber were critical exports.

Indeed, a study of the list of state beneficiaries demonstrates that bipartisan government rhetoric about moving the economy up the value chain via manipulating the incentives of foreign capital was not always cheap talk. Between 2005 and 2015, €778 billion in state aid were targeted at sectors concentrated in high-employment middle- and high-complexity manufacturing, and some of the state aid was targeted at investments with significant R&D schemes. Specifically, of the 50 largest recipients, 44 firms were foreign owned, with all recipients in the critical auto sector being foreign. Large investments in the automotive sector (Renault, Ford, Delphi, Bosch, Draxlmaier, Honeywell, Pirelli), aircraft (Premium Aerotec), white goods (deLonghi), oil equipment (Lifkin), electronics (Nokia) and IT (IBM) were only completed following the granting of significant state subsidies (30% of total investment on average)[3]. In car parts, state aid covered 28% of multinational investments (Guga et al 2018: 87). The fact that Romanian-owned companies receive such subsidies on an extremely infrequent basis makes Romania quite different from Hungary, where a third of the recipients are Hungarian-owned[4].

Most importantly, however, according to Syndex's Stefan Guga, state-led enterprise policies were explicitly targeted not only at high-employment sectors like car parts (19% of the new jobs in car parts during the 2009-2016 period were the result of state aid schemes), but also at developing a locally-anchored innovation infrastructure, albeit in outsourcing mode. This is particularly the case with innovation clusters in the auto and IT sectors, both of which have benefited from extensive state aid, income tax cuts, tax exemptions and large – often rigged – government purchases.

As far back as the 2000s Renault set up one of its largest R&D centres and testing and engineering platforms close to Bucharest.[5] This was not a pure dependent market outcome either, for it was not until the government offered Renault €70 million in subsidies, as well

3. Ministry of Finance, "Lista agenților economici care au primit acorduri de finanțare emise de MFP în anul 2012", http://www.mfinante.ro/listafinantare.html?pagina=domenii See also a ten-year report put together by the financial media: http://cursdeguvernare.ro/lista-ajutatilor-cat-si-cui-din-mediul-privat-acorda-statul-roman-ajutoare-de-stat.html
4. Dorothee Bohle and Béla Greskovits. "Politicising embedded neoliberalism: continuity and change in Hungary's development model", *West European Politics* 42.5 (2019), pp. 1069-1093.
5. *Capital*, 27 September 2011, http://www.capital.ro/detalii-articole/stiri/renault-urmeaza-sa-primeasca-ultima-transa-de-ajutor-de-stat-pentru-centrul-de-la-titu-153620.html

Dacia Duster, press days at Mondial Paris Motor Show 2018 © Photo by Matti Blume

as government guarantees for a €100 million loan during the 2008-11 period in which Renault decided to establish the centre. Built with local firms, managed largely by Romanian managers and hiring thousands of local engineers, often straight out of university, Renault Technologie Roumanie (RTR) has design, testing and engineering platforms in three cities[6]. RTR hires engineering students after training and testing them in internships, with no fewer than 700 young engineering students taking up this opportunity. State aid schemes and coordination schemes between industry and academia were further institutionalised after the 2008 global financial crisis through several emergency decrees[7]. And Renault is far from being an isolated case. As a result of state-led enterprise policy, Continental (tyres and auto parts), Siemens (railway), Alcatel-Lucent (telecom and software), Intel (software), GlaxoSmithKline (pharma), Oracle (software), Continental (tyres) and Ina Schaeffer (ball bearings) have also spent tens of millions of euros on new R&D centres and hired thousands of engineers there.

In IT, industrial policy has been critical via income tax exemptions for the country's software programmers, a measure that ensures full employment and net wages averaging (6.683 RON/1403) euro a month in 2018 (that is twice the average net wage)[8]. A 2012 government decision (HG 539/2012) that defined a state aid scheme for the ITC sector and which has been applied since then has been similarly important from an industrial policy standpoint . This is not arm's-length neoliberalism; it is a clear form of industrial policy. Indeed, it was only from 2004 onwards that the IT sector benefited from significant foreign capital inflows. Before then, it had been a homegrown industry benefiting from a supply of tax-exempt cohorts of computer

6. Renault Technologie Roumanie, www.renault-technologie-roumanie.com
7. H.G. 753, 1680 (in 2008) and 797 in 2012.
8. Institutul National de Statistica

engineers, large (often rigged) public tenders, as well as state aid. Lured by tax exemptions, competitive wages and cultural proximity to Western markets, multinational investment grew exponentially after the mid-2000s. It is of course clear that giving a tax break on a permanent basis to the best-paid employees makes no sense in terms of tax equity, and one may point out that Romanian IT is mostly outsourcing-based, yet as the 2019 debates over scrapping the tax break show, this tax policy is clear evidence for the existence of an enterprise policy regime and against sweeping claims about market radicalism.

Governments have also begun to challenge dependence in ways that bypass MNCs altogether. After years of using state aid for a "trickle-down" innovation policy, the state took a more direct role after 2011 when it mobilised EU and local resources to establish large public research institutes in frontier technologies. The biggest success to date has been the €300 million Extreme Light Infrastructure Nuclear Physics based in Măgurele. Furthermore, the government's moves to establish a sovereign wealth fund and a public development bank, both tasked to act as public venture capitalists among others, are indicative of official awareness that the market-based paradigm in innovation finance has clear limits[9].

Pre-conflict Ukraine shows that not being exploited by multinational European capital is worse than being exploited.

How has this industrial policy turned out? Overall, it has worked well, although with some major qualifications. Renault is a spectacular success for the combination of state intervention and foreign capital. IT, in contrast, is a mixed bag. On the plus side, by 2018 Romanian tech accounted for €3 billion in exports (a threefold increase since 2012), 6.2 % of its gross value added share in GDP and 98,000 employees, and its contribution to growth has been on a par with that of the construction sector[10] . The sector's share in GDP grew from 0.5% in 2003 to 6% in 2019. Critically, the gross value added share of the sector in nominal GDP was 4.2% in 2014, making it the third largest in the EU (average value 3.3%), placing Romania in the same league with Estonia, Ireland, the UK and the Nordics. Industrial policy was key in this regard. As an in-depth study concluded,

9. Author's interview with central bank and Eximbank officials, 2017.
10. ANIS, *Software & IT Services in Romania – 2016 Edition.*

"after the introduction of this policy in 2001, the IT sector grew faster in Romania than in otherwise similar countries" and "downstream sectors relying more on IT services also grew faster in Romania after 2001[11]."

On the corporate side, ITC has been one of the most profitable sectors in Romania and Europe (the sixth most profitable in the EU), with 15% returns not being unusual, as well as the highest profits per employee. On the labour side, the sector provides the best jobs in the country: net wages (€1500 euro) are significantly above average and show the highest wage growth of any sector. Of the 20 countries surveyed by Eurostat, Romania has had the third fastest growth of ITC sector jobs, with IT jobs growing from 27,000 in 2011 to 89,850 in 2017. The total number of ITC jobs rose from 66,000 to 111,000 during the same period.

Still, the IT sector's future development remains plagued by several problems. First, foreign ownership has its downsides. According to ANIS, in 2016, 73% of the income generated in the sector came from foreign-owned firms, with a similar percentage of firms' income coming from exports. This reinforces the dependent dynamics discussed above. Second, much of Romanian IT operates in assembly platform mode (outsourcing) (Grigoras et al 2018), and has therefore not enabled the emergence of "fourth industrial revolution" industries such as artificial intelligence, robotics, nanotech or biotech. Third, as a result of poor state-capital coordination, the university system graduates only 7,000 specialists a year, while ITC firms need 15,000. Finally, ITC is not as large an exporter as in other countries. According to World Bank data (moving averages for 5 years, calculated by the author), the share of IT in exports is quite low (2.88%), miles away from Slovakia's (16%), the Czech Republic's (13%) or Hungary's (11.6 %). For a sector so heavily subsidised by tax measures, it does not look all that impressive. Equally interesting is the contrast between the collapse of IT in Hungary's exports since 2008, with no signs of recovery by comparison with the collapse and recovery experience of Estonia.

Industrial policy with a weak state

Such important episodes of industrial policy should not be mistaken for a paradigm shift, where such activities would form part of an integrated innovation system, enabling the economy to move even faster up the value-added ladder and close the wide wage gap that separates it from the EU core. Still unsystematic, they are best seen as recalibrations of the status quo that do not even amount to a half-turn, lagging far behind the scale and complexity of the state-led enterprise policy that Brazys and Ragan (2017) identified in the case of Ireland and its recovery from the Great Recession and the deflationary policies imposed on it by the Troika. As Brazys and Regan showed in that case, it takes a broader variety of tools (not just tax incentives and state aid) and closer state-corporate coordination for such a strategy to turn a country into a global leader in high-tech exports.

The reasons for this are many, ranging from the lack of a financial sector embedded in manufacturing, as is the case in coordinated capitalism, to the lack of development banks and meritocratic selection in critical industrial policy strategies. Most importantly, however, the industrial policy successes indicated above took place despite the fact that Romania has a mosaic of poorly coordinated institutions dealing with innovation that are spread across several ministries, not the highly centralised and autonomous enterprise policy agency of Ireland that has kept Irish tech ahead of the curve by enlisting Silicon Valley firms into Ireland's industrial ecologies.

At first glance, industrial policy is managed by the Ministry of the Economy, the agency in charge of the official industrial policy blueprint for the 2014-2020 period (the National Strategy for Competitiveness and Exports). Upon closer inspection, however, its specific functions (research, state aid, energy costs, export market targeting) are handled by five different ministries and government bodies, with no central coordination (or "nodal") agency connecting them. Specifically, the agency for the integration of foreign investment into industrial policy footprints (Agenția Română pentru Investiții Străine) was dismantled in 2009 after barely seven years of (relatively obscure) existence. Industrial innovation is managed by Education, free assembly zones by Regional Development and Public Administration, state aid by the Ministry of Finance, energy infrastructure by the Chief of Staff of the Prime Minister, and foreign trade by the Ministry for the Business Environment, Trade and Entrepreneurship, as well as partly by the Ministry of Foreign Affairs. Unlike in Poland or Croatia, there is no public development bank to at least informally coordinate the existing industrial policy funds and tap into the vast (at Romania's scale) resources of the European Investment Bank and the European Fund for Strategic Investment.

There is no integrated document tracing the industrial policy performance of these institutions relative to the objectives set by the National Strategy for Competitiveness and Exports. The establishment in 2018 of an indicative planning body (Consiliul de Programare Economică) reflects growing anxieties about institutional fragmentation in designing and conducting industrial policy, but the lack of a clear mandate for enforcing institutional coordination for this body suggests that more work needs to be done. Finally, coordination between the government and the most important faction of capital (MNCs represented in the Coalition for the Development of Romania) is being pursued in an ad hoc manner via memoranda of understanding, where foreign employers' associations have to date brought little more than an orthodox supply-side growth agenda and complete obliviousness to the industrial policy blueprint for the 2014-2020 period.

So what?

Generally, FDI and industrial policy have worked rather well for capital and the macroeconomic picture. But how much did all this growth affect the proverbial pocketbook of ordinary Romanians? In theory, industrial recoveries and increasing labour complexity lead to income growth over time, and overall there is some evidence of this happening. In 2017 and 2018 Romania had Europe's highest wage growth. After inflation, the average wage earner saw her income rise by 9.8% in 2017 and 11.1% in 2018. Also, if wage increases have been lower than productivity increases between 2011 and 2018, after 2015 the trend was reversed, yet without the fear of a productivity squeeze: Romania had both the highest productivity and wage increases, with a virtuous circle occurring in this regard. Moreover, the wage-led growth strategy aiming to increase the wage share in GDP eventually rose to 57.9% of GDP, far from the 63.2% EU average but a

11. Isabela Manelici and Smaranda Pantea. *Industrial Policy at Work: Evidence from Romania's Income Tax Break for Workers in IT,* SSRN 3308591 (2019).

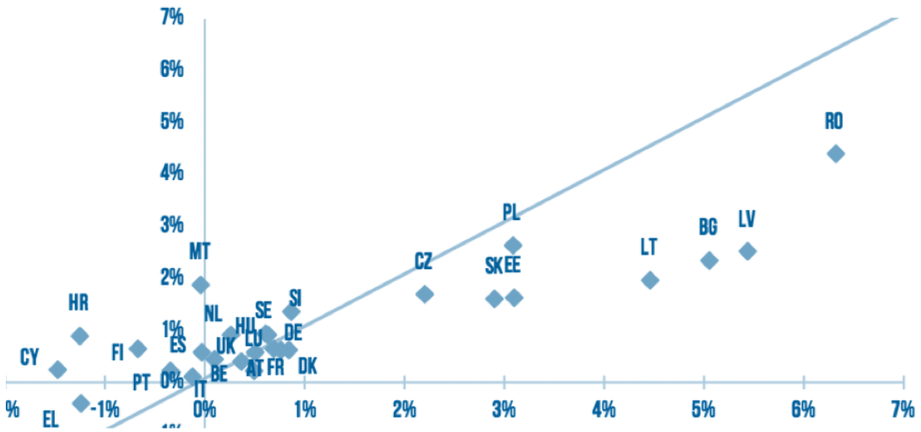


Figure 7: productivity increase (vertical axis) and wage increase (horizontal axis)
Source: Situația salariaților 2019

substantial increase nevertheless (7% since 2015). Even as social benefits stagnated, higher wages in combination with higher employment rates cut poverty and material deprivation rates.

From the perspective of this study, it is important to point out that of these wage increases, some of the largest were in the export-oriented sectors (ITC and auto), with lower value-added sectors (textiles and footwear) experiencing the smallest increases. This is in line with the strategy of increasing export complexity as a way to increase labour incomes.

In closing, one should note that the more complex export structure was not alone in this game. Some of the wage growth can be attributed to market considerations (large outmigration flows, aging, skilled labour squeeze). Moreover, no one would doubt the upward pressure on average wages caused by a substantial minimum wage and the public sector wage increases that governments throughout the region have engaged in. Thankfully, the Romanian labour market is riddled with state intervention, as is the case in most modern economies. Had this not been the case, wages would be lower still, as demonstrated by the lower wage growth in countries from the region with a similar profile. Yet care should be taken with the numbers. For example, in Romania the average wage is higher than the median wage because an unusually large share of wage earners (46%) are on minimum wage. This, combined with a labour and consumption-based tax system and the lack of strong labour unions powered through a highly unequal wage structure. Most importantly,

however, considering their low level relative to basic needs[12] and the high returns on investment[13] that they enable, wages have not increased nearly enough, and Romania remains a low-cost country: together with the Baltics, Romania still delivers the highest productivity per hour relative to the cost of hourly labour.[14]

To have an economy that provides a more balanced relationship between labour and capital, future governments need to embrace the hard work of initiating a drastic departure from the low-wage/high-inequality model that bedevils the Romanian economy and society today. To get there, a more aggressive industrial policy and bolder redistribution reforms are long overdue.

12. For more details see the empirical analysis done by Stefan Guga and colleague at http://library.fes.de/pdf-files/bueros/bukarest/14759.pdf
13. In automotive and retail (the largest employers) the profit rate averages 34.5 percent. https://www.economica.net/romania-se-bazeaza-pe-activitatea-economica-a-11-000-de-companii-top-cinci-cele-mai-profitabile-domenii_136863.html
14. For more details on this point see Stefan Guga, Situatia Salariatilor 2019, Raport Syndex. Available at https://www.syndex.ro/sites/default/files/files/pdf/2019-06/Situa%C8%9Bia%20salaria%C8%9Bilor%20din%20Rom%C3%A2nia%20%282019%29_0.pdf

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Interview Katherine Verdery, anthropologist, New York

Working classes: acquired political conscience in Communism leading **global anti-elite resistence today**

You experienced Eastern Europe before the fall of Communism: you came to Romania as a PhD student in 1973. How and why did you decide to study this part of the world?

I think it was just inspiration. I didn't really have a good reason. I had a professor who said, "It doesn't matter where you go to do fieldwork, go some place that you think has something interesting. Don't worry about the problem you're interested in, because every place is interesting and you will find interesting problems to study no matter where you go." So that gave me free licence to think about places where I might like to go. I had an interest in "communism" from high school on, and that's how I decided to go to one of the eastern European countries. And at the time I was going, Romania was the easiest one for Americans to do research in.

The 20th anniversary of the Velvet Revolution in Prague © Photo by Pavel Matejicek

You have also written a lot about the changes in Eastern European societies after the fall of Communism. Most Eastern Europeans and some historians perceive the uprisings in 1989 as a rupture, as a break in the region's destiny. But was it? You speak a lot about continuities. What changed and what continued after 1989?

It's a huge question. I did some research on property restitution in 1994-1998 and the book was published in 2003. Obviously ownership patterns changed significantly, but not necessarily who the owners are. What I think has happened in most of the Eastern European countries is that there has been a huge transformation in the rules for property ownership, but at the same time it was the same people, a class of "entrepratchiks", who used their Communist-era relations and managed to acquire many of the goods in society and deprive other people of them.

For instance, some people managed to get their hectares back, they succeeded and they're happy. But it turns out they can't grow anything on them, so they end up giving the land back to an association or to another person who comes and cultivates it like a farm. The people may not be any closer to having any relationship with the land than they had had for the previous 40 years.

I think, on the whole, the collapse of the communist systems has resulted in the rise of groups of mafiosos, or whatever you want to call them, many of whom had relations to the Communist Party of the past.

These are the "entrepratchiks" or political capitalists, people who were powerful in the communist regime and used that to become powerful during transitions?

Different countries have different evolutions on that aspect. It's become worse in Hungary now than it was right after the fall of communism. In Romania it's rather equivocal: you have people like former Social Democrat Party leader Liviu Dragnea trying to gain power, but then he failed in his attempt. However, he certainly messed things up for a while.

I think what we have now is a global order in which tremendous wealth is accumulated in the hands of some people in Western countries, and there is tremendous wealth accumulation in the hands of some people in the former Soviet bloc. To what extent these people are the same as before, to what extent the sources of wealth are different – that would be something that one would have to research more.

But it seems to me that we have two world blocs just as before, but with much more individualised action: people within one mafia system have friends in another mafia system.

In the US it is absolutely appalling to see this class of incredibly rich people just decimating the political system. I never would have believed it. I'm looking around me thinking, "This is not the world I grew up in. What the heck is going on?"

There is a really fundamental transformation globally and we don't know where it's going to end. I hope we get rid of this one that is running the US pretty soon. But it's not clear that we will. Trump is backed by extraordinarily wealthy people who are very happy about what he is doing – destroying any use of public funds for supporting the citizenry.

We have indeed been talking about illiberalism, populism and rising nationalism in Eastern Europe too in recent years. You wrote about post-socialism, nationalism and political space, and you were saying it was not unseen before, especially in post-colonial states. It seems that Eastern Europe hasn't overcome that phase of building and rebuilding national identities by excluding "the other". What can these countries learn from other parts of the world who have been through this transition?

It's difficult to say what one country can learn from the other. But it is very disturbing and arresting intellectually that the countries that Europeans and Americans used to regard as the poster children of success, Hungary and Poland, have become absolute disasters. They're leading the switch to the new authoritarianism.

It's hard to say whether that is something that they learned from their interaction with other systems in the world or if it's something that they're inventing together out of the shards of Communism. It could have considerable relations to what went on before 1989. I don't know. But that's the way I pose the question.

How do you see Eastern Europe 30 years on?

I think that we're looking at the probability of a global financial crash in the next year or two that will make lots and lots of people miserable. In that sense, I do feel that what the communist system in Eastern Europe did accomplish was to create working classes with political consciousness and the feeling that it's their right to take action.

In that sense, if what we come to finally is some sort of great clash between the forces of wealth and the rest of the world, Eastern European history indicates to me that those populations may be more active in trying to rectify the situation than the ones in the US and Western Europe, but particularly the US, where unions are being broken down, where every month there is an announcement about a union that is no longer functioning.

The organisation of resistance to the global elite will be affected by the history of communism in Eastern Europe.

In 1973, **Katherine Verdery** moved to Romania, the only country in the Eastern European bloc that welcomed Western scholars. She studied social inequality, ethnic relations and nationalism. After the fall of Communism she returned and looked at the transformation of socialist societies. Her most recent book, My life as a spy: Investigations into a secret police file was published in 2018, and it documents how the Romanian political police kept her under surveillance.

Bucharest, Romania - February 5, 2017: 300 000 Romanians geared up for the biggest protests since 1989 Revolution
© Photo by DiamondDallas on Shutterstock

The New Revolutions from Tiananmen to Hong Kong

The summer of discontent. **All you need to know about the protests.**

By **Alec Bălăşescu** | Hong Kong

© Alec Bălăşescu

On 20 April, barely a week into settling in Hong Kong, my attention was captured by the front page of a local newspaper, featuring a photo-collage with a handcuffed wrist and Trudeau on the background of the Chinese and Canadian flags (see photo). But without understanding the writing, the meaning was anybody's guess. Mine was that it was related to the arrest of Mrs. Meng, the CFO of Huawei in Canada (because I was coming from Vancouver, where I had spent the prior 5 years). I sent the picture back to my friends in Canada, and one of the answers was: "It's funny to see Trudeau as bad boy." I also asked for a translation, and it seemed that the intention was to portray Trudeau rather as a sad boy, caught in the possible conundrum that the now-infamous Hong Kong extradition bill would generate.

The spark

The concern expressed about it became the spark for the summer of discontent and protests in Hong Kong: China would use the bill in order to arbitrarily arrest and deport Hong Kongers to the Mainland. With somewhere around 300,000 Canadian citizens living in Hong Kong, many of them of Hong Kong descent, and with the ongoing chill in Sino-Canadian relations, Trudeau, the newspaper argued, would have plenty of reasons to be concerned.

The bill was proposed following a murder case: a Hong Kong student allegedly killed his girlfriend in a Taiwan hotel and flew back to Hong Kong. The case required the accused to be extradited to Taiwan, but the process was delayed by the lack of any agreement between Taiwan, Hong Kong and mainland China. The student was arrested on money-laundering charges in Hong Kong, and he is scheduled to be released on October 23.

However, many Hong Kongers viewed the proposed bill as yet another step towards mainland-Chinese encroachment on their rights, opening, in their opinion, the possibility of politically-motivated random arrests in Hong Kong. To a lesser extent, similar unease was provoked by the opening of the high-speed train terminal to the mainland, where the mainland police have full power of operation.

Thanks to the Chinese-British agreement, Hong Kong was granted special status after the handover to Beijing government in 1997, allowing the city to maintain its own constitution and government until 2047. This marked the beginning of the "one country, two systems" form of government promoted by Beijing in its relationship with Macau, Hong Kong, and possibly, in Beijing's view of the future, Taiwan.

Currently Beijing has a special Hong Kong and Macau Affairs Office of the State Council that serves as an intermediary between the People's Republic of China government in Beijing and Hong Kong's legislation body. The director of the office is Zhang Xiaoming. The Hong Kong government leader, also known as the Chief Executive of Hong Kong, is Carrie Lam Cheng Yuet-ngor. The Hong Kong Chief Executive is elected by a 1200-strong body of electors; the electoral system was challenged on the streets in 2014 by parts of the Hong Kong population who demanded its replacement with universal suffrage. The movement, known as the Umbrella Revolution – due to the fact that the protesters used umbrellas to protect from both rain and water cannons and tear-gas – was crushed, while some of its leaders were arrested and received prison sentences.

In late May this year, barely three months after launching public consultation on the extradition bill, Carrie Lam announced that it would be brought to the executive floor for voting. On 9 June, protesters massed in Central Hong Kong in a movement more than one million strong (estimations regarding the size of the crowd vary depending on the source of the estimate). The protests were meant to make the legislators aware of the fact that a significant part of the population was opposed to the bill and/or unhappy with the public consultation process.

From the British colonial period, Hong Kong inherited a network of neighbourhood committees meant to participate in the consultations for policy decisions. This was meant to compensate for the intrinsic lack of legitimacy of the colonial system. In the case of the extradition bill, it appears that this network was only partially consulted, if at all.

In the evening of 9 June, after the protests broke up, Carrie Lam made a public announcement that voting on the bill would go forward. This marked the start of a long summer of protests with ramifications far beyond Hong Kong.

Facts

Initially the protests were peaceful albeit sizeable, and the protesters used white T-shirts as a sign of their peaceful intent. The bill was scheduled for a second reading in July, but on Monday 1 July, the anniversary of Hong Kong's return to Chinese law, the violence escalated, and the protesters broke into the Legislative Council building of Hong Kong (LEGCO), vandalising its interior.

Police forces used tear gas and rubber bullets against the protesters, and a spiral of violence swept the Hong Kong protests. By this time, the protesters had changed their garments" colour to black. Carrie Lam declared the bill "dead" but refused to officially withdraw it.

The city entered into a ballet of protests, police interventions, and press conferences with an almost ritualistic character. The protesters would occupy streets and vital points during the weekend, clashing with the police. The Hong Kong leader Carrie Lam would speak to the public through the press conferences organised every Tuesday afternoon. People would wait for them anxiously.

However, until early September nothing of significance was announced, and the violence gradually increased and ramified under different forms. Hong Kong police started arresting participants in the protests, among them voices that became prominent during the movement. One important turning point was the attack at the Yuen Long MTR station (the Hong Kong subway), when white-clad mobs indiscriminately beat passengers and people who they identified as protesters. The attackers' identity remained unknown, but there has been speculation that they were members of Triads (the local mafia) with links to Beijing.

The protest evolved as a leaderless movement with five demands: the official withdrawal of the bill, unconditional amnesty for the arrested, an independent inquiry into police violence, a re-start of the electoral reform process, and an official recognition of the movements as protests and not "riots".

Hong Kong's Leader Carrie Lam became the central focus of protesters' demands, as she was viewed as the person who could defuse the tension. However, her lack of action for months in a row created an escalation of violence, with police forces intervening every weekend, using tear gas, rubber bullets and cannons firing dyed water to disperse the increasingly resistant and resilient crowd. Unavoidably this translated into hostility towards the police forces itself, and later, sadly, towards their families. The police forces expressed a justified discontent, seeing themselves caught in the middle of a political crisis with solutions that did not depend on their actions. On the contrary, its continuation threatened to deepen the divide. Apartments owned by policemen were attacked from the streets with stones. At the start of the school year, professors were worried about a backlash from students against the daughters and sons of police force personnel.

Hong Kong protests and their trans-national ramifications indicate that we are just at the beginning of the period of political globalisation. This won't be a walk in the park.

Highlights

The techniques used in protests evolved. The crowds could be classified into three or four different types of participants: the front lines, fully equipped to face the police actions; the mass; the helpers; and the cleaners, coming at the end of the columns to clean up – in order, so they said, not to put any more strain on the municipality workers.

The use of "Lennon Walls" – stickers and posters with grievances and announcements on different walls in the city – was quickly adopted around the world in support of the Hong Kong protesters.

The protesters occupied the airport in mid-August and managed to block air traffic for two days. This was a major turning-point in the events, marking the first time when a police officer pulled his gun in order to protect himself from the menacing crowd. The occupation of the airport ended after two days, but one of the consequences, besides ruining the plans of a lot of travellers, was the resignation of Cathay Air CEO Rupert Hogg and his deputy.

Earlier in the summer the mainland-Chinese authorities asked for the identification of any Cathay personnel who may have participated in the protests, and stated that they would not be allowed to board airplanes that travels through Chinese airspace. This affected more than 60 percent of all Cathay's air traffic. The authorities also asked that the personnel be identified, and that the company instruct them not to partake in the protests, physically or otherwise. CEO Hogg initially resisted, saying that he could "not even dream of telling the company's employees what to think", but afterwards complied with the demands, and subsequently resigned.

The occupation of the airport also marked the first time when the crowds turned violent against a person whom they identified as an "infiltrator" from the Chinese mainland, whom they detained and held for a few hours. The person, later identified as a journalist from Beijing, famously said: "I support the Hong Kong Police. Now you can beat me." We'll return to this.

Carrie Lam's unchanged position and her refusal to address any of the demands while

appealing for calm were perceived as indicators of her dependency on Beijing. Speculation on her lack of political power replaced speculation regarding her lack of political will.

The situation seemed to have come to a complete halt. On 27 August, continually advised by stakeholders in Hong Kong business and after a weekend of "unprecedented" violence in the city that on one side saw police forces and the population sympathetic to Beijing, and on the other side the protesters, Lam agreed to meet protesters' delegates. On 2 September, Reuters published a leaked audio recording in which one can hear her saying she would quit if given a choice. The audio suggested that the speculation about Lam's dependency on Beijing's decisions was accurate. Immediately after the leak, Carrie Lam agreed to meet one of the protesters' five demands; she officially withdrew the bill.

However, the protesters stated that this was too little, too late, and the protests' dynamics (?) continued, with the violence hitting a peak during and after 1 October, on the 70th anniversary of the People's Republic of China's foundation. Police fired five live rounds, hitting one teenager in the chest. As violence builds upon violence, there is no end in sight.

People

During the course of the protests, clashes emerged between the protesters and that part of the local population whose roots lie in recent immigration and relocation from the mainland, especially in North Point, a neighbourhood in the north-eastern part of the island containing Chinese migrants, mainly from Fujian province. After 1 October, attacks targeting Chinese-related businesses increased in frequency and violence.

A Chinese government programme, put in place in 1980 for Hong Kong and Macau, allows a quota of 150 people a day to receive a one-way residence permit and move permanently to the two provinces. With a population of 8 million, it seemed easy for Hong Kong to absorb the new-comers, but over the years the effects of this migration have become increasingly visible, especially in matters of political choices.

The process is entirely controlled by Beijing: Hong Kong authorities do not review the applications for permits. Concerns have been raised recently regarding both the increasing number of arrivals (last year the quota was exceeded, while in earlier periods it was not used up completely), as well as the origin, age and scope of the migrants. A sharp rise in the 45-54 age segment was registered, raising eyebrows among Hong Kongers.

Hong Kong's population itself is multilayered, containing locals with origins in the fishing villages of old Hong Kong, as well as Chinese mainlanders, mostly from Guangzhou, who arrived in waves during the past century – initially in search for better economic opportunities, or moving away from the mainland during Mao's revolution. They contributed significantly to the prosperity of the island, and to the creation of the financial and trade systems that made the island an attractive destination for South-East Asians and Europeans alike.

The current protests have revealed multiple social and political rifts, although these do not necessarily stem from a sole criterion. Although age is seen to be, and presented by many as the main rift, this is slightly inaccurate.

The protesters combine young students and even younger high-schoolers, young and middle-aged working classes, liberal-minded middle classes of all ages, and sometimes the elderly. They seem to be united on the one hand by concerns regarding social and financial inequality – where housing prices are central – and on the other hand by a perception of having no future, either caused by a lack of financial security, or by the perceived unavoidable loss of individual freedoms come 2047. They feel that the Beijing government has prematurely started to encroach on their civil liberties.

The pro-government population in Hong Kong is perhaps mostly silent on the street, save the newly-migrated Chinese population mentioned above. Owners of small businesses, Chinese patriotic students or office workers, they organise counter-protests and gatherings of their own, that more often than not turn into direct confrontations with anti-government protesters.

The pro-Chinese Hong Kongers are mostly conservative-minded, middle-aged or older, established and financially secure, whose calculations may be summarised as "why rock the boat?". Origins seem to count less among this group, and they include people who left China in the 1950s and 1960s, but who are now pro-Chinese.

The rifts traverse families, friendships and neighbourhoods, and sometimes people avoid talking openly about their political choices in order to maintain those ties. This may not be the best solution when the society is in dire need of dialogue and reciprocal understanding.

Rhetoric

The multiple stakeholders involved in the protests have multiple characterisations of the protesters, opinions which in fact reveal their own political stance.

From the beginning, the Hong Kong government portrayed the protests as riots, and this label was one of the contentious points between the two sides. From the government's viewpoint, this allowed them to strategically retreat from the political dispute for a long time, and to rely solely on the police force in order to restore order. In their view, there is no political solution for riots that by definition are illegal. Over the course of the summer, the police did not approve many of the demands to organise protests, including those on 1 October, which by default placed the protesters outside the law.

The Chinese authorities swung between restraint and menace. Beijing labelled the protesters as terrorists, and they compared the movement with the "colour revolutions" in Eastern Europe and Ukraine. As a matter of fact, the Netflix documentary Winter on Fire concerning the Ukrainian revolution seems to have been one of the most watched in Hong Kong. On the weekend of 23-24 August the protesters organised a human chain along the shores of the Island recalling the Baltic states' movement for separation from the USSR. This seemed to justify the Chinese authorities' fears.

The Chinese authorities have also framed at least some of the protesters as separatists. However, there have been no demands which could be interpreted as a move towards independence for Hong Kong, and the Hong Kongers in general are not keen on being an independent state. While there are radical Hong Kong pro-independence groups, they are very small in terms of their size, role, and influence. Both the Chinese authorities and the protesters seek to portray themselves as the real defenders of the "one country, two systems' principle, and both sides have accused the other of violating it.

The Chinese authorities have massed army troops at the border with Hong Kong, and

released films showing the army exercising crowd control. The crowds were dressed similarly to the Hong Kong protesters, and during the exercise they were addressed in Cantonese. However, the Chinese authorities argued that these are routine army exercises.

The war of words spilled out internationally, and patriotic Chinese individuals and groups all over the world have taken to defending Beijing's stance on Hong Kong, and accusing the protesters of being ungrateful, if not influenced by foreign powers that do not understand China and are acting malevolently towards it. Their rhetoric is fascinating, oscillating from portraying Hong Kong as a family member that has gone astray (commonly, a small ungrateful brother contaminated by outside decadent Western values), to directly calling those protesters of Hong Kong origins names that suggest they are not "human" because they do not understand "human language", i.e. Mandarin Chinese.

The family metaphor is particularly important, as one of the critiques that China makes of the West is that of having very permissive family values and a lack of ethics. There are clear calls for the population not to abandon their strong family values for those inspired by the West.

From the side of the protesters, the words against the Hong Kong government and Beijing are equally tough. While Hong Kong's government and its leader are portrayed as powerless and "sell-outs" to Beijing, the protesters now claim that mainland China has become outright "Chinazi". Meanwhile, mainland-Chinese commentators have been quick to point out that using violence in order to attain political goals goes against the liberal values that the protesters themselves claim to profess.

Protestors display the V for Vendetta mask on Halloween defying the cit-wide Anti-Mask Ban
Photo by Katherine Cheng

Many Western commentators have contributed to the image of the events in Hong Kong as similar to that of the "colour revolutions" in Eastern Europe. In fact this does not help the protest movements, and also misses the point.

Hong Kong is not independent of China, nor does it want independence. Moreover, while in the early 2000s the Chinese economy relied heavily on Hong Kong's financial power, today Hong Kong is only responsible for around 3% of Chinese GDP (down from 20% in the late 1990s). It is true that Hong Kong still plays an important gateway role to China, originating in its blend of Western and Eastern values and, ironically, its colonial history.

However, China's presence today is legally legitimate according to the Sino-British treaty. If we are to make a historical comparison, in fact this moment resembles the expansion of the Soviet Union after the Second World War, and with the replacement of the local elites with those who were subservient to Moscow. However, the mechanisms used by Beijing, with a slow population influx and the careful preparation of mainland students in Hong Kong are much more subtle than the brutal Russian methods of the past century.

As on the streets, the situation is also stalled in the realm of rhetoric, with both sides portraying the other in similar but opposite terms, deepening the rift and making dialogue less and less possible.

Spillover

Universities around the world receive a significant number of mainland-Chinese students. Commonwealth countries such as Australia or Canada also have a significant student population from Hong Kong, who migrated both after Hong Kong's handover and more recently. On a few campuses in Vancouver, Brisbane, and other university centres clashes have been reported between Hong Kong students who expressed support for the protesters and mainland-Chinese students. Most of the reports have emphasised the mainlanders' aggression, verbal and physical. Clashes in Melbourne, Sydney and other university centres have been reported. Beijing has expressed its support for the "patriotic behaviour" of mainland students. Universities have been slow to react, not least because they depend financially on the big influx of students from China, but they have condemned the aggressive behaviour and defended freedom of speech.

After the incident at the airport, the Chinese actress cast in the lead role in Mulan, a future Disney production, tweeted "I support Hong Kong Police. Now you can beat me". Calls to boycott the film immediately went viral on the internet, even though the film is only scheduled to be released next year.

Also during the summer a series of Facebook accounts were closed down by the company on the suspicion that they were fake accounts controlled by Beijing and spreading fake news about the Hong Kong protests around the world. Beijing denied involvement and claimed that this was spontaneous patriotic behaviour by young Chinese, who independently decided to go through the trouble of by-passing the "great firewall" put in place by China (where Facebook is not directly available) in order to voice their discontent about how the Hong Kong situation is portrayed outside China. It is indeed true that many young mainland Chinese are politically motivated by patriotism and the feeling that their love of their own country is not heard, or too readily interpreted as propaganda.

Smaller nations in the South China Sea, including self-ruled Taiwan, are looking at what is happening in Hong Kong with interest. Solidarity rallies have been organised, and countries like Malaysia questioned the protests' legality. Concern about how the protests will develop is high, as those nations are aware of being in China's direct zone of influence.

These are just a few brief examples of how the protests in Hong Kong have spread around the world, revealing an intricate global network of interests, allegiances, and political behaviours that are reshaping the world we live in.

The beginning of political globalisation

Although, against the background of the US-Chinese tariff war and slowing economic trade, some commentators are postulating the end of globalisation and wondering what will come next, the Hong Kong protests teach us otherwise.

Yes, we may be in a period in which the unhindered flow of commodities and finance on the so-called free market is slowing down. Under the weight of the tariff wars, fractured regional alliances, local wars and tensions, the fragile system of free markets is taking a destabilising blow.

However, the Hong Kong protests and their trans-national ramifications – from university campus disputes to entertainment boycotts, or backlashes against giant social networks against the background of Beijing's attempts to attract global public opinion to its side – indicate the fact that we are just at the beginning of the period of political globalisation. This will not be a walk in the park.

What is at stake in Hong Kong today are the basic principles of global governance that we agree upon, or not, for tomorrow.

Beijing's proposition is a form of governance supported by an advanced technological apparatus of surveillance and control aimed at the preservation of social peace at the expense of a number of individual liberties. This form of governance was famously named by Kai-Fu Lee[1] as "techno-utilitarianism", and postulates a highly regulated social and political space in which prosperity is secured.

The price is unquestioning consent. China's financial expansion around the world is accompanied by the insertion of its technology in the regions of most importance to it. Will the principles of this techno-utilitarianism also be applied in those regions? And here we come to the Huawei scandal, and the fears of the mass-scale adoption of Chinese technology in some parts of the world.

One episode in Hong Kong in August is telling, although it went almost unnoticed. In Kowloon (a district of Hong Kong), protesters attacked the newly-installed lamp posts that were equipped with surveillance cameras and data-gathering sensors. The Hong Kong municipality presented those data gathering points as tools that would help the regulation and optimisation of urban traffic. However, the population thinks that they are also being used to gather sensitive data, including related to face recognition, since these particular posts were installed by a Mainland Chinese controlled company. One of them was completely torn down.

We are at an important crossroads: on one hand, techno-utilitarianism is perceived in the West as dangerous and encroaching upon individual liberties. On the other hand, democracies stretched to the limit of their principles of individual freedom, combined with the advent of unregulated social media, have given birth to manifestations of populist, totalitarian behaviour in public and political spaces.

The political space in some Western democracies seems to be slowly transforming itself into a perverted form of "participative totalitarianism" powered by social media. The emerging model of political globalism does not closely follow the economic and financial model, but is emerging from the dynamic interaction of finance, economy, technology and political culture. We are still at the beginning of shaping the global political culture of the future, torn between localism, regionalism and globalism.

How we navigate and regulate the mechanisms of consensus-making in public life is up to us: through surveillance and coercion, through continuous publicly debated policies, or through hard ideological dominance based on the exclusion of the other and legitimated by fear and resentment? I hope we will choose wisely.

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ALEC BĂLĂȘESCU

Anthropologist by training, his research, writing, and practice is centred on understanding of human actions in context (the result of dynamic interactions between culture, technology, economy, religion, gender and sexuality, and institutional practices).

1. Author of the *New York Times* bestseller ("AI Superpowers: China, Silicon Valley and the New World Order"), Kai-Fu Lee is the CEO of Sinovation Ventures, a leading technology-savvy investment firm focusing on developing the next generation of Chinese high-tech companies. Before founding Sinovation in 2009, Lee was the President of Google China. Previously he held executive positions at Microsoft, SGI, and Apple.

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“Restore Hong Kong, Revolution of Our Times”: **Pro-democracy protests are once again “occupying” Hong Kong**

By **Dana Trif** | Cluj-Napoca
Ho Ming-sho | Taipei

Five years have passed since the 2014 Umbrella Movement and the “Occupy Central with Love and Peace” civil disobedience campaigns that brought tens of thousands onto the streets of Hong Kong. Back in 2014, the protesters' demands were focused on genuine universal suffrage for the election of the Special Administrative Region's (HKSAR) Chief Executive (CE) and of the members of the Legislative Council, Hong Kong's Parliament.

The political background

The Umbrella Movement took place between 28 September and 15 December 2014. During that time, for 79 days, protesters occupied major central areas in Hong Kong including the Admiralty, a district known as a financial hub as well as home to several government buildings, including the CE and Legislative Council's offices; Causeway Bay, which includes Victoria Park, one of the locations for the recent protests; and Mongkok, among the world's busiest shopping areas. The “Occupy Central with Love and Peace” civil disobedience campaign, organized by Chan Kin-man, Benny Tai, and Reverend Chu Yiu-ming preceded the Movement by almost a year. In an interview about democracy and Henry David Thoreau published in *Revista 22* in September 2017, Chan Kin-man recalled that preparations for Occupy had started as early as 2013, when people began discussing non-violent means of protesting.

The campaign's political goal was universal suffrage for the 2017 Chief Executive election, a right which the protesting Hongkongers claimed had been granted to them under the HKSAR's Basic Law (BL). Fears that Beijing might interfere with this democratic process were stoked by official declarations from mainland China that although elections were supposed to be universal, the power of nominating the candidate was not. Candidates would be first vetted by a representative Electoral Committee. This stance contradicted the demands of Occupy, which had requested the unconditional implementation of the “one country, two systems” principle and had already held a referendum to support its position. Soon enough their campaign would receive political support from student activists who rallied Occupy to the bigger Umbrella Movement. On September 22, 2014, during a high profile visit to Beijing by several Hong Kong powerbrokers, students from more than 20 universities entered the grounds of the Chinese University of Hong Kong wearing yellow ribbons and chanting pro-democracy slogans. They declared a student class boycott while demonstrating for “genuine democracy” through civil disobedience. The marches on government buildings began a couple of days later, sparking the Hong Kong-wide protests that in October led to a televised debate with government negotiators led by Carrie Lam.

However, the Movement's political goal was not achieved. The current Chief Executive and former chief negotiator with Umbrella protesters, Carrie Lam, was elected on March 25, 2017. Ms Lam is the fourth CE since the city was handed over by Great Britain to the People's Republic of China in 1997. She was elected, following Beijing's strict scrutiny, according to the special procedure laid out in the Basic Law. An Election Committee, composed of 1200 members from functional groups who supposedly represent all the professions as well as politicians and the Hong Kong members of the PRC's National Committee, is responsible for electing the Chief Executive. While the Basic Law promises that the principle of universal suffrage (one person one vote) will eventually be realized, the Electoral Committee is still responsible for selecting the CE. Hong Kong's Legislative Council, its de facto Parliament, has 70 members, only 40 of whom are directly elected by the population.

The protests have evolved into a campaign to reassert Hong Kong's own identity and its unfinished project of democratisation.

This is Ms. Lam's first five-year mandate, which is set to expire in 2022. The BL is Hong Kong's quasi-constitution acknowledging self-government in all but two areas: defense and foreign relations. Despite the PRC exercising sovereignty over the region, Hong Kong still enjoys a significant degree

of autonomy. Chinese and English are both official languages of the executive, legislative and judiciary branches. The HKSAR has its own flag and issues passports for its residents.

The Basic Law is a political compromise giving an institutional shape to the "one country – two systems" principle. This compromise, enshrined in the 1984 Sino-British Joint Declaration on Hong Kong and signed by the then British Prime Minister Margaret Thatcher, effectively meant that "the previous capitalist system and way of life shall remain unchanged for 50 years" (Article 6, BL). The deadline for systemic political change in Hong Kong therefore falls in 2047. However, what will happen after this deadline is anybody's guess, hence the growing fear especially among younger Hong Kongers that for them the future could only mean a return to the authoritarian politics of the mainland.

This is the historical and political background against which, on June 6, 2019, a massive rally attended by at least one million people demanded the withdrawal of a seemingly innocuous extradition legislation. This huge demonstration had gathered strength in the months before, with Hong Kong's largest rally since the Umbrella Movement taking place on April 28. Starting that day, and until this moment, the protests have continued relentlessly. The protesters' demands have gradually grown closer to those of Umbrella. Rather than just requesting the withdrawal of an ill-fated bill, the protests have evolved into a campaign to reassert Hong Kong's own identity and its unfinished project of democratization. Edward Leung's 2016 slogan – "Restore Hong Kong, revolution of our time" – has unexpectedly been embraced by the protesters as a symbol of their pro-democracy fight. Leung, 28, is an Umbrella-turned Localist Movement political activist who is currently serving a six-year prison term because of a confrontation with the police in 2016. He has been widely regarded as the spiritual inspiration for the ongoing protests.

The spark that ignited the fire

The story of Hong Kong's renewed struggle for democracy began with a rather sordid murder case. In February last year, instead of spending a romantic Valentine's getaway in Taipei, a young couple in their early twenties ended up embroiled in a deadly fight. The young woman, Poon Hiu-wing, who had revealed she was pregnant with another man's child, was strangled to death. Her boyfriend, Cha Tong-kai, 19, stuffed her body in a suitcase, which he left in the bushes close to a Taiwan subway station, and returned to Hong Kong. After the woman's body was found, Mr. Chan admitted having murdered Poon. However, because the crime took place in Taiwan, with whom Hong Kong had no extradition treaty, Taiwan's prosecutors were unable to process the case.

The victim's family publicly demanded justice for their daughter. Carrie Lam could have chosen to sign the extradition agreement with Taiwan or handle the murder as a special case. She opted instead to broaden the bill's scope by including extradition agreements with other states, such as mainland China. This political move became the spark that ignited the fire. Not only did Umbrella's universal suffrage demands fall on deaf ears, but since 2017 its leaders have been prosecuted and imprisoned. Joshua Wong, the iconic teenager identified as one of the Movement's leaders, was released from prison in June this year. Before his incarceration fellow activist Edward Leung was first barred from running for a seat in the Legislative Council, for not showing sufficient loyalty to Hong Kong's status as part of China. In April, the organizers of the non-violent civil disobedience campaign "Occupy Central with Love and Peace" were also sent to jail. Chan Kin-man, a sociology professor at the Chinese University of Hong Kong, and Benny Tai, a law professor at Hong Kong University, received a 16-month term in jail. Reverend Chu Yiu-ming was given a suspended sentence on account of his old age and public service record.

Not only did Umbrella's universal suffrage demands fall on deaf ears, but since 2017 its leaders have been prosecuted and imprisoned. Mysterious abductions of unwanted political opponents, or those perceived as such, have further eroded Hong Kongers' trust in their institutions.

Mysterious abductions of unwanted political opponents, or those perceived as such, have further eroded Hong Kongers' trust in their institutions. In 2015, five partners of a publisher specializing in books critical of Beijing's political elite disappeared one by one and ended up in the PRC. Lee Bo, an editor at Mighty Current

Media, later called his wife from Shenzhen, across the border in mainland China, claiming that he was assisting the authorities in an investigation. In January 2017, one of China's best known financiers, Xiao Jianhua, with connections to the family of Xi Jinping himself, was taken away by several unidentified men from his apartment in Hong Kong's exclusive Four Seasons hotel. Mr. Xiao was in a wheelchair, with his head wrapped up in a blanket.

To rise up fearlessly against an emerging regional hegemon is a sign of courage, of vision and of things to come.

Such ominous events aside, the current wave of protests appears to some analysts as one of a kind. They are, for all accounts and purposes, leaderless. Although the Civil Human Rights Front (CHRF), a coalition of 50 organizations, including pro-democracy parties founded in 2003, is credited with masterminding some of these mass rallies, their organizational structure is mostly decentralized. The black shirt, the protesters' trademark apparel, has become the symbol of a collective identity and, at least one participant says, of mourning Hong Kong. Protesters have also used more assertive tactics than five years ago, from the storming of the Legislative Council building, the LEGCO, on 1 July, to the Hong Kong Airport sit-ins which began on August 9 and turned violent four days later. One man alleged to have been a mainland-Chinese intelligence agent who had infiltrated the sit-in was later discovered and beaten. Some protesters tried to shield the man and help the paramedics carry him away. The Global Times (GT), a pro-Beijing newspaper, later identified a second man who had also been restrained and hit as a GT reporter. This episode of "mob violence" was portrayed differently in the media, with pro-government Chinese news outlets denouncing the attack. To the protesters, it was a staged event by the Chinese authorities in an attempt to smear the Hong Kongers' campaign. They apologised for their actions the following day. A poster held by two young women read: "Dear Tourists/We're deeply sorry about/What happened yesterday/We were desperate and/We made imperfect decisions/Please accept our apology". The Hong Kong police was equally heavy-handed, using tear gas and rubber bullets in order to disperse the crowds as early as June 12.

The political response from Hong Kong's Chief Executive, Carrie Lam, did not seem to address any of the protesters' worries and demands. In two rare press conferences, on June 15 and August 13, Ms Lam announced plans to shelve but not withdraw the legislation. In what could be seen as a move to appease the crowds, in August she emphatically stressed that the "the bill [was] dead". In the meantime, in an unprecedented step back, Lam announced on September 4 that the Bill had been withdrawn.

Carrie Lam's approval rating has fallen below 30%, with many calling for her resignation. Analysts have been quick to notice the increasingly sharp tone of the protests and their continuing strength. Rather than diminishing in numbers, another mass rally on August 18 was attended by an estimated 1.7 million people despite torrential rain. Through posters, the demonstrators expressed their support for a young woman heavily injured in one eye by a police-fired rubber bullet. The rally took place in Victoria Park because a prior request by CHRF for an authorised march had been rejected. However, the protesters refused to comply with the ban. Young and elderly residents, as well as parents with children, disregarded a potential indictment for unlawful assembly, which carries a hefty five-year prison term, and marched to Hong Kong's Central District. According to an article published by *The Guardian*, the crowd chanted slogans such as "Fight for Freedom!" and "Reclaim Hong Kong, revolution of our era!" Similar to some of the techniques used in the Romanian mass protests of 2017-18, the demonstrators projected laser lights onto a government building and the People's Liberation Army garrison stationed nearby. Sit-ins, Lennon Walls in Umbrella style decorated with pro-democracy messages, scuffles with the police and well-attended mass rallies have continued to this day.

Chinese fears

Beijing's answer to Hong Kong's growing unrest has been rather restrained. With a carrot-and-stick strategy, the Communist Party has dug in its heels, refusing to acknowledge the legitimacy of Hong Kongers' demands and accusing those which turned violent of foreign-backed terrorism. It also moved behind the scenes by pushing the Beijing-friendly business community to retaliate by, for example, laying off employees who participated in the protests. Cathay Pacific Airways was forced to hand over information concerning personnel to Chinese authorities before sending them to work on mainland-bound flights. However, there is much to be feared in a prolonged confrontation with pro-democracy protesters. Beijing's top official responsible for Hong Kong, Zhang Xiaoming, dubbed the rallies a "colour revolution", alluding to similar events in Eastern Europe. The specter of a new revolution challenging the Communist Party's grip on power seems to be one of Beijing's deep-seated worries.

How the PRC will react to the growing calls for democracy on its borders is a question many analysts have grappled with. Some point to Taiwan as the reason why the PRC could never tolerate a greater degree of autonomy for Hong Kong, let alone independence. Such a move would jeopardise the PRC's claims of historical reunification with the island, and boost the pro-independence camp in the Republic of China (Taiwan). Geostrategists speculate about the position of the United States and the former colonial master, Great Britain. President Trump's praise in a tweet of Xi Jinping's leadership qualities would suggest that U.S. diplomacy might not wish to interfere should the situation escalate further. The latest reactions by Congress, though, including a bi-partisan draft bill to ensure that protesters are not obstructed from acquiring American visas,

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might prove that the President is alone in his sympathies for Xi. The *Hong Kong Human Rights and Democracy Act* would require the U.S. President to identify the people connected with the abductions of Hong Kong booksellers and journalists, as well as those involved in the suppression of basic freedoms in HKSAR. Their American assets would have to be frozen and they themselves barred from entering the country. Hong Kongers have expressed their support for the Act. On September 17, former Umbrella activists Joshua Wong and Denise Ho, a famous Hong Kong-based Cantopop singer, gave testimonies about the ongoing protests before the US Congressional-Executive Commission on China. Great Britain, on the other hand, is caught in its own domestic challenge of Brexit.

Two (irreconcilable) systems – one country

The media has drawn parallels between Hong Kong in 2019 and Tiananmen Square in 1989. Many fear a heavy backlash from mainland China, although most agree that neither Xi nor the Party could afford a heavy-handed military reaction. The latter would once again blacklist the regime and squash Hong Kong's status as a financial and economic global hub. The symbiotic relationship between mainland China and Hong Kong, a mutually beneficial one by some accounts, draws its strength precisely from the "two systems – one country" principle. Yet the looming threat of 2047, the end date of this arrangement, seems to position the two sides on irreconcilable grounds.

Xi's increasing authoritarianism and his apparently indefinite grip on power cannot sit well with demands for universal suffrage and the protection of civil and political rights. On the other hand, the PRC's claim to legitimacy rests on economic rights and the Party's success in eradicating poverty. For Hong Kong, a long-time Asian and global financial powerhouse, such claims simply might not suffice. A population confronted with sky-rocketing real estate prices is already experiencing the downsides of the capitalist dream. Many hope that democratisation, in the sense of the popular election of the CE and all the LEGCO members, would solve their daily problems. This is also one of the reasons why the current wave of protests seems to cut across different social strata.

What happens in Hong Kong is a process of democratisation, an inexorable march towards a different political system. Will this

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process be stopped again? Will power calculations and geopolitical rivalry squash the Hong Kongers' desire for democracy? Maybe. But to rise up fearlessly against an emerging regional hegemon, at the moment when the PRC is moving back to tighter societal control and stronger authoritarianism is a sign of courage, of vision and, perhaps, of things to come. Chan Kin-man ended his last lecture at the CUHK with an image of the future that might help us understand the intractable opposition between two different political systems, but also the fact that (political) action always starts with a question: "On this long and distant road, sometimes I really feel that the road ahead is boundless and obscured, and sometimes the light is very dim. What can I do in this dark night?"

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(Post)colonial state of mind: a survey of the ongoing political democratisation in Taiwan and Hong Kong

Iulia Lumină | Singapore
Ross Cheung | Hong Kong

The recent mobilisations for political democratisation in Taiwan and Hong Kong reflect a historical opening for decolonisation in East Asia. The 2014 Sunflower and Umbrella movements have prompted a re-evaluation of Taiwanese and Hong Kong identities. Firstly, the negotiation of democratic liberties addresses the enduring colonial and Cold War legacies which define their postcolonial political and economic structures. Secondly, the "China factor" has prompted a reflexive civic consciousness that is revisiting the historical relationship with mainland China and the current opposition to its influence.

The economic liberalisation of People's Republic of China's (PRC) in the 1980s and the subsequent trade with Taiwan and Hong Kong have consolidated a class of business elites who participate in the political scene. The pro-democracy movements and the ongoing anti-extradition bill movement in Hong Kong are reactions to the increased social inequalities sustained by this elitism and reflect the anxieties around PRC's authoritarianism, which is perceived as another threat of colonisation.

In the long run, the impact of these pro-democracy movements will depend both on a deepening of civic pressure as well as the PRC's mediation of its renewed imperialist impulse, which is visible in notions such as the Beijing Consensus and the "Asian century".

Understanding democratisation in East Asia

Among the regions of the world that define our geographical imaginaries in terms of the Cold War, East Asia is the one that has yet to experience regional reconciliation. This is mainly due to the painful memories of Japan's brutal imperialism and the immediate shift of much of East Asia to US protection. Contrary to the belief that the Cold War ended with the dissolution of the Soviet Union, many scholars point out that it still has enduring effects in East Asia. Kuan-Hsing Chen (2010) argues that the Cold War postponed the chance for the former colonies of East Asia to reflexively determine their relationships with the colonial powers of Britain, Japan, China, as well as with US imperialism. Taiwan transitioned from Qing rule to a Japanese colony, straight to a US protectorate under the Kuomintang (KMT), while Hong Kong was handed over to the PRC after more than 150 years of British colonialism. These historical dynamics have definitively shaped the identity politics of Taiwan and Hong Kong and mediated their relationship with mainland China.

The desire for democracy in East Asia cannot be understood as nostalgia for colonial rule, nor as an appropriation of Western values made possible by globalisation. In order to understand this phenomenon, it is imperative to leave Western references aside.

In Euro(centric) narratives, the spirit of civil society grew in opposition to authoritarian regimes and strengthened following their demise in the 1990s. While the current pro-democracy movements are directly opposed to PRC's authoritarianism, the genealogy of civic mobilisation in Taiwan and Hong Kong, has a much longer history. The desire for democracy in East Asia cannot be understood as nostalgia for colonial rule, nor as an appropriation of Western values made possible by globalisation. In order to understand this phenomenon, it is imperative to leave Western references aside and shift our attention to the local historical context of East Asia.

Dirlik (2018) argues that the democratic impulse is not so much a product of Western colonial rule, but rather of the struggles against colonialism. While Hong Kong inherited a system that allows for some liberties in comparison to the PRC's political system, one cannot equate British colonialism with democracy. The coming of US-backed KMT rule in Taiwan installed a regime of martial law for 40 years. The White Terror campaign that followed the 28 February massacre in 1947 had violently crushed political dissent, while at the same time precipitating a local sense of belonging among the Taiwanese in contrast to the Chinese nationalist discourse of the KMT.

Historically, anti-colonial movements provided an important source of identity formation. The sudden transitions of Hong Kong and Taiwan replaced the old colonialism with a new imperialism, leaving no room to address these historical relations. 1997 is viewed by the PRC as the moment of huigui, or Hong Kong's return to the motherland. Similarly, the KMT maintained its nationalist stance of "One China" after its takeover of Taiwan in 1949. In their demands for autonomy, both Taiwanese and Hong Kong civic consciousnesses have emphasised the colonial past as a marker of their difference from the PRC. This in turn provides legitimacy for a new form of historical identity (Dirlik 2018).

Taiwan and Hong Kong: (post)colonial identities in the making

While Han Chinese migration dates back to the Portuguese and Dutch colonial period in the 17th century, Taiwan was absorbed into the Qing dynasty[1] as a peripheral province in 1887, due to imminent threats from the Russian and Japanese empires. This brought about an increase in Han settlement and an active process of sinicisation. Shortly after, in 1895, the Japanese invaded Taiwan and subjected its population to the policy of kominka, or assimilation of the colonial subject. Following the defeat of Japan in the Second World War, ending 50 years of Japanese colonialism, the Republic of China (RoC) took over Taiwan in 1949, in what can be seen as another colonial succession. Taiwan officially became a US protectorate and the stronghold from which the KMT planned to take back China. As a result, Chinese nationalism became Taiwan's hegemonic discourse. The subsequent anti-Communist-and pro-American policy (Chen 2010) legitimised four decades of martial law and the suppression of political dissent. This led to a kind of historical amnesia in government discourse, as the memory of resistance was not properly recorded.

The suffering during Japanese colonialism and the suppression of the RoC's re-colonisation became two major sources of development in Taiwanese modern history. The late 1980s witnessed the beginning of political democratisation, with the rise of the opposition Democratic Progressive Party (DPP) and the indigenous movement. Moreover, the election of the first Taiwan-born president, Lee Teng-hui, marked the beginning of a Taiwan-centric consciousness.

Identity politics in Taiwan have largely been played out as a discourse of "blue" (KMT) versus "green" (DPP). The rotation of the political parties was achieved peacefully in 2000, and represented a historical watershed in the anti-colonial and anti-authoritarian history in East Asia. Taiwanese identity is described as multicultural, acknowledging elements of Chinese, Japanese and indigenous heritage. The confrontation of these two discourses is an extension of the complex politics of the past seven decades.

The island of Hong Kong was ceded to the British empire by the Qing dynasty in 1842, following the First Opium War. As a boundary/liminal area between East and West, it became the pioneer of modern Chinese society. The city has been a window for the spread of Western culture to Asia and also a Chinese gateway to the world, which made it a unique place for cultural convergence, contagion, divergence and hybridisation (Wieland, Cheung & Baumann Montecinos 2019).

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During the Cold War, Hong Kong was strategically placed between the capitalist and socialist camps. On the one hand, the British claimed that they elevated Hong Kong from a fishing village to an international city. On the other hand, the Chinese government sought to incorporate the separate trajectory of Hong Kong into its grand revisionist narrative of Chinese history.

Initially proposed for the unification of Taiwan with the PRC in the 1970s, the "one country, two systems" has been an experiment in Hong Kong to allow the co-existence of the socialist state and the capitalist way of life. It was eventually codified in 1990 as the Hong Kong Basic Law. Following the negotiations for the transfer of sovereignty to China in 1997, Hong Kong maintained its cosmopolitan lifestyle as well as the British colonial state infrastructure, which is safeguarded until 2046. This has resulted in a depoliticised Hong Kong identity: the lack of political liberties has been traded for the pursuit of economic freedom.

Known for being an "Asian miracle" due to its economic success, Hong Kong has become an international hub for trade and finance.

1. The Qing was the last dynasty that ruled over the territories of what we now call China. For a critical discussion on the imagination and re-imagination of "China", see Arif Dirlik (2019), *Born in Translation: "China" and the Making of Zhongguo.*

Ironically, its depoliticised identity is a bottom-up formation, tied to the rise of middle-class consumerism since the 1970s. The success of Cantopop and the Hong Kong cinema industry, which gave the world Bruce Lee and later Jackie Chan, became a source of pride which helped shape an identity for Hong Kong. The international distribution of Hong Kong-produced media and television series overtook Chinatowns all over the world, at a time when freedom of press was suppressed across East Asia. This served as a major differentiation of Hong Kong as an urban, modern society against mainland China's rural and oppressive image. More recently, this contrast has been reflected in the dissatisfaction of Hong Kongers with the behaviour of tourists from the mainland.

The youth-led pro-democracy movements denounced their deteriorating socio-economic status in Taiwan and Hong Kong.

Overall, two main factors have suppressed the active political formation of a local Hong Kong identity. The British colonial legacy is embedded in Hong Kong's postcolonial predicament, which translates into undemocratic political representation and high social inequality. Moreover, to this day only about 60% of Hong Kong residents are locally born, and the influx of Chinese migrants is perceived as "mainlandisation". This has sparked a series of crises in the economy, governance, and the territory's social fabric.

The Sunflower and Umbrella movements: the consolidation of local identities

Ever since the PRC opened up in the 1980s, trade with Hong Kong and Taiwan has been the lifeline of Chinese economic development. In the mid-1990s, Taiwan sought to diversify its economy through a "southward advance" into Southeast Asia. Nonetheless, due to the Asian financial crisis of 1997, it was drawn back to the PRC. Moreover, the 2001 tech bubble and 9/11 hampered business with the US, forcing Taiwan to turn its investment and capital flow to the PRC. The 2008 financial meltdown only served as a further catalyst, and has since prompted an agenda of a possible trade agreement between Taiwan and the PRC. At the same time, Hong Kong was integrating further into the Chinese economy and signed a Closer Economic Partnership Agreement (CEPA) with mainland China in 2003. This mutually beneficial intensification of trade and investment gave rise to an unprecedented elitism, which intensified economic inequality and frustration with the undemocratic nature of political representation.

The new social class of CEO-scholar-official sparked tensions over inequality and injustice in Taiwan, and has fuelled a sense of civil identity built on a Taiwanese-centric concept. The civic mobilisation that culminated in the Sunflower Movement in 2014 was triggered by young Taiwanese netizens, or xiangmin (country people), who have been reclaiming justice from the abuses of the Taiwanese elites (Chuang 2018). The imminence of the Cross-Strait Service Trade Agreement (CSSTA) created much anxiety around the autonomy of Taiwanese businesses, and eventually led to a 29-day occupation of the Legislative Yuan by young activists.

In Hong Kong, collusion between business and government is by no means a new phenomenon (Law 2009). The leaders of the Hong Kong Shanghai Bank Corporation (HSBC) and the Swire Group have always been non-official members of the Executive Council, the chief decision-making body since the British ruled Hong Kong. This was a rather common colonial strategy, to co-opt business elites (from entrepreneurs to lawyers and accountants). This "administrative absorption of politics" was considered an effective way of represent the demands of society and governing through the mechanism of indirect opinion (King 1975). As of today, 22 years after the establishment of the Hong Kong Special Administrative Region (HKSAR), local business elites become appointed members of the District Councils and join the Legislative Council through functional constituency elections. The 2014 political reform proposal further legitimised the absence of a directly elected government, which triggered the call for a real referendum in the subsequent 2016 Legislative Council and 2017 Chief Executive elections. This became the main demand of the youth-led Umbrella Movement.

The youth-led pro-democracy movements denounced their deteriorating socio-economic status in Taiwan and Hong Kong, especially the stagnation of graduate income and the skyrocketing property prices. While Hong Kong has always been one of the most expensive cities in the world, Taiwan's property prices had been increasing since 2003. In addition, the post-war baby boomers still dominate the majority of economic resources and executive positions. As production has moved to China, the inability to diversify the economy has led to low social mobility for the youth of Hong Kong and Taiwan. There was an overwhelming feeling that youth had 'no stake in the society". Moreover, business elites often shared their support for "national unification" and "one country, two systems" through social media and pro-China media. This raised anxiety among the general public about the "China factor" intruding into both societies, from daily life experience to politics, and threatening the local identities and autonomy of Taiwan and Hong Kong.

After the 79 days of occupation in Admiralty, Mongkok, and Causeway Bay in Hong Kong in 2014, the social movements subdued to white terror[2]. Since then, the government has responded with a series of arrests, and court cases have been ongoing. Six democratically elected parliament members were disqualified

2. "A systematic attack on the norms without always directly dismantling the Basic Law." (Yan Sham-Shackleton)

on accusations of separatism. The arrests were enforced by the Public Order Ordinance, which was passed in 1967 in the context of the Cold War. Furthermore, the erosion of press freedom in Hong Kong was underlined by the disappearance of five staff of Causeway Bay Books, a prominent publisher of books on Chinese politics, and by attacks on local journalists. International journalists have also been denied permits to work in Hong Kong. Even though the newly established "post-umbrella" political parties and civil society organisations have widened the political spectrum, due to their overwhelming focus on ideological discourse they were unable to unite political power in the democratic camp, and failed to push forward the agenda of Hong Kong's democratisation.

Since 2017, the year Carrie Lam was elected as the 4th Chief Executive of the HKSAR, a series of controversial bills alarmed Hong Kong's citizens and civil society. The proposed bill for the Hong Kong-Mainland High Speed Rail Link, an express railway from Western Kowloon to the Shenzhen border, won a majority vote in the Legislative Council in 2018. This stirred up a dispute over the imposition of juxtaposed controls and Chinese customs offices in the heart of the city. Subsequently, following the case of the alleged murder of a Hong Kong citizen in Taiwan, the government initiated a bill to resolve the absence of an extradition mechanism with Taiwan. However, the bill proceeded without the proper procedures in the Legislative Council and in the absence of public consultation. The circumvention of lawful procedures was justified by the urgency of filing the murder case. Even though public demonstrations ensued across the island and public opinion polls reported that more than 50% of residents were opposed to the bill's introduction, a second reading was proposed for mid-June.

The movement injected new energy into the city's identity. What will the Hong Kong Way, a human chain of 210,000 people, bring to the future of the city?

As Mrs Lam sought to settle this "legal loophole", anxiety over the possibility that Hong Kong citizens could be held liable under the PRC's jurisdiction motivated over 2 million people to take to the streets in protests that have been ongoing since June 2019. As the movement intensified and the protests turned violent, C.E. Lam apologised and announced the suspension of the bill. Nonetheless, the general public is still apprehensive about Chinese government intervention. After breaking into the Legislative Council on the 22nd anniversary of the HKSAR's creation, the activists left behind a powerful slogan, "(I)t was you who told me peaceful marches did not work", which signifies hopelessness in peaceful demonstrations as well as determination to change the status quo.

So far, only one out of the five demands of the anti-extradition bill movement had been met by early September. Following the withdrawal of the extradition bill, the activists are demanding the release and exoneration of arrested protesters, a public inquiry into police brutality, the resignation of

CE Lam and universal suffrage. The movement has injected new energy to the city's identity and is opening a new chapter of the Hong Kong story. What will the Hong Kong Way, a human chain made up of 210,000 people, bring to the future of the city?

A historical opening for decolonisation

The occupation of the Legislative Yuan in Taiwan resulted in the scrapping of the Cross-Strait Service Trade Agreement (CSSTA), and the KMT losing the presidency and their majority in the parliament in 2016. The DPP has returned to power in coalition with the New Power Party which emerged from the Sunflower Movement. In the case of Hong Kong, ironically, the business elites failed to pass the undemocratic political reform proposal that would have benefited them due to procedural shortcomings in 2015. The political status quo was preserved and the Umbrella movement's demand for a real referendum was not met. This laid the seeds for the occupation of the Legislative Council in the summer of 2019, a symbolic action which reclaimed political representation of the people, for the people.

Building on the historical contestation of the colonial and Cold War legacies, resistance to PRC influence has revitalised civic consciousness in both societies.

While it is too early to pronounce any victories for Hong Kong, the ongoing negotiation of political democratisation has influenced the formation of identities in Taiwan and Hong Kong. Building on the historical contestation of the colonial and Cold War legacies, resistance to PRC influence has revitalised civic consciousness in both societies. By revisiting their historical relationship with the People's Republic of China, Taiwan and Hong Kong are undergoing a reflexive process of decolonisation, which has in turn strengthened local identities.

The Cold War delayed this historical opening in East Asia. For Taiwan, it only emerged about three decades after the end of martial law in 1988 and two decades after political democratisation. For Hong Kong, this comes 22 years after the handover of sovereignty to the PRC in 1997. Resistance to the trade agreement and the extradition mechanism with the PRC proves that the "China factor"

is escalating identity politics. This reinforces different ways of being "Chinese" or "Chinesenesses" outside of mainland China, and unites Taiwan and Hong Kong against a common oppressor.

Decolonisation does not simply imply the takeover of sovereignty and the state. It is a strenuous process of evaluating identification with the coloniser as well as the imperial power. To some extent, Taiwan still identifies with the US: a body called Club 51 advocates for Taiwan to become the 51st state of the United States of America. Moreover, the continuous oppression and colonisation of the indigenous population has only recently started to be addressed through the revision of the educational curriculum and the integration of indigenous people into society. In Hong Kong, in addition to their empowering slogans, the activists also hung the British colonial flag in the Legislative Council.

Finally, Chen (2010) argues that decolonisation in the former colony needs to be coupled with an undertaking of de-imperialisation in the imperial core. As a result, the key to regional integration in East Asia also involves the re-evaluation of Japanese and US imperialism. Meanwhile, through the Belt and Road Initiative (BRI), the PRC is establishing new historical relations with the rest of Asia, reordering the economic and political power structure in the region and beyond. It remains to be seen whether China will reclaim its imperialist "Asian century" or become the peaceful, friendly neighbour it once sought to be in solidarity with the Global South.

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Snapshot from the Vertical Newspaper (Sibiu) by Dan Perjovschi

ROSS CHEUNG is an Erasmus Mundus Master in Global Studies student. A Hong Kong native, Ross is the co-editor of the forthcoming book Hybridity and Transculturality: Learnings about the Case of Hong Kong (Metropolis, November 2019).

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Europe Onward

Bridging EU Council presidencies: from Bucharest to Berlin

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Introduction

Oana Popescu-Zamfir, Director, GlobalFocus Center **|** Bucharest
Daniela Schwarzer, Director, German Council on Foreign Relations **|** Berlin
November 2019

To say that the EU is at a critical junction has become something of a cliché, while also a self-evident truth. Whereas reflections around the strategic directions that the Union might take have multiplied, the reform of the EU itself resembles rather the love life of the elephant, as former Die ZEIT editor-at-large Theo Sommer likes to say: "a lot of dust is raised, then you have to wait 22 months and such a small thing comes out!"

The EU is by nature a slow and heavy animal, with lengthy digestion times. Its inner workings are driven to a large extent by lengthy negotiations and bureaucratic process among the (soon) 27 member states, rather than by grand strategy, political ambition and agile reaction to global shifts. Divergences among the member states have grown over the past years, which has led to stalemate in various policy fields. Think-tankers, policy makers and other actors have put ample ideas on the table to advance European policy-making, but compelling arguments and fresh ideas all too often fall through the cracks due to a lack of political leadership and the capacity to build consensus around new initiatives.

In order to bring together new policy thinking and member states' perspectives, the **GlobalFocus Center,** the **German Council on Foreign Relations (DGAP)** and the **Romanian EU Council Presidency** have convened a high-level group of knowledgeable experts from top think-tanks across the EU. This group was carefully selected to be geographically representative for all member states and reflective of the multiplicity and variety of viewpoints within the EU. Building on the shared vision that the European Union is stronger together, we initiated a platform for dialogue between the expert community and decision-makers. The first result is a series of implementable policy proposals for the incoming EU leadership, providing new impetus for its strategic priorities.

As the kick-off event, our seminar **"Bridging EU Council presidencies – from Bucharest to Berlin"** took place **June 3-4, 2019** in Bucharest, taking stock of the previous Sibiu Summit on the Future of Europe and the results of elections to the European Parliament. Its proceedings brought fresh and concise input to seven policy memos authored by the participants. These memos analyse the state of play and chart possible ways forward with regard to:

- **The EU in a new international order. Thoughts on Europe, Trump and Sino-American competition;**
- **The EU and the Balkans: going beyond the enlargement agenda;**
- **Migration, borders and integration;**
- **Europe and the hybrid threats conundrum: the case of manipulation of information;**
- **Economy in flux: digitisation, energy security, climate change;**
- **The eurozone – a still unfinished business;**
- **Europe 2030. A strategic framework to make populism obsolete.**

The guiding idea for each memo was not only to look out for new policy ideas, but also to establish the panorama of member states' preferences and reach an understanding of the key contentious points we need to tackle if the EU is to move forward. Authors were asked to address their country's positions on the respective topics, identify allies and opponents, and explore ways to get to a common position or compromise.

Yet, we did not aim for a single, ultimate joint vision that all of the participants and organisers could subscribe to. Instead, the proposed solutions have emerged from the (sometimes heated!) negotiations of different and even diverging perspectives, and they represent merely a base for the beginning - rather than the end - of the conversation.

We are extremely grateful to all **participants** for their effort and contribution, and especially to the **authors**. Our sincere thanks go to Constantinos Adamides, Kristof Bender, Benjamin Bodson, Thanos Dokos, Peter Grk, Vladimir Isăilă, Domagoj Juričić, Rem Korteweg, Ana Maria Luca, Octavian Manea, Alexandra Martin, Victor Micula, Hedvig Morvai, Christian Odendahl, Sebastian Płóciennik, Jana Puglierin, Jonas Richter, Chiara Rosselli, Dani Sandu, Senada Šelo Šabić, Daniel Stefanov, Federico Steinberg, Corina Stratulat, Fabrizio Tassinari, Ana Teaca, Elie Tennenbaum, Dmitri Teperik, and Stefani Weiss.

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We wish you a pleasant and thought-provoking read.

Disclaimer: The views and opinions expressed are the authors' and do not reflect or represent those of any institution or government

Europe Onward.
Bridging the EU Council presidencies:
from Bucharest to Berlin

Thoughts on Europe, Trump and Sino-American competition

Rem Korteweg, Clingendael Institute | Netherlands

challenges

Multilateralism is under pressure and the European Union is increasingly at risk of being squeezed between Beijing and Washington as Sino-American great power competition kicks into gear. The EU is pressured to take sides on issues ranging from the international rules-based trade order to 5G telecommunications infrastructure and developments in the South China Sea. At the same time the Union faces challenges to its internal cohesion as the United States and China seek to strong-arm individual member-states to support their agendas.

Both the United States and China pursue a tactic of preferring bilateral relations over dealing with the EU's multilateral structures. If anything, European governments must realise that allowing themselves to be tactically divided by either the US or China will weaken Europe strategically. This trend towards increased bilateralism threatens to undermine EU cohesion, but it also challenges the existing multilateral order. It is one of the central challenges that the EU faces today. And thus, "system preservation" has invariably become an objective for European foreign policy. Whether it is institutions like the WTO or NATO, or international agreements such as the Paris Climate Accord or the Iran Nuclear Deal, Europe is playing defence.

Europe's response to Sino-American competition is troubled, amongst other reasons, because of a conflicted attitude towards the current US administration. There are profound concerns across Europe about what Trump's policies mean for the future of the international security and trade order. Trump espouses a hyper-realist approach to international affairs where "the strong do what they can, and the weak suffer what they must." Instead of a rules-based world, he seeks a deal-based world. Rather than being voluntarily constrained by binding intergovernmental agreements, Trump favours throwing America's economic and military weight around in bilateral trade or security deals. He seeks a world where sovereign countries negotiate and bargain, rather than that they agree on common rules which act as constraints on everyone. Allies are reduced to clients and every diplomatic or trade transaction is viewed in zero-sum terms. Such a worldview is anathema to the European Union's. It also represents a break with 70 years of transatlantic cooperation. What can Europe do?

solutions

Double down on multilateralism. On trade, Trump uses national security arguments to motivate his decision to place tariffs on steel and aluminium exports from NATO allies, and has described the EU as a "foe" saying it was created to take advantage of the US on trade. Trump undermines the WTO by blocking the appointment of officials to the organisation's appellate body out of frustration with the organisation's inability to address China's violation of trade rules. Tariffs come and go, but the WTO could perish under Trump's policies, breaking an important pillar of the rules-based trading order. This would also make it more difficult to manage trade tensions with China. This is especially confusing for Europe as Washington and Brussels agree on the challenge China poses to the international trading system—there is no trading power with which the EU has so many disputes as with China—but strongly disagree on the means to address it.

It is crucial that the EU continues to promote multilateral action. For if the EU does not take the lead, it is hard to see another country or group of countries doing so. The EU and its member-states should align with like-minded states like Japan, Canada, Australia, South Korea and Mexico to promote trade multilateralism, either to send a signal to Washington, or to preserve what can be preserved of the multilateral order, for instance by agreeing on formats that will allow the WTO and its dispute settlement mechanism to continue, while simultaneously engaging with the US in an effort to reform the institution.

Another element is to focus on new trade agreements. The EU has recently concluded, and is negotiating, trade agreements with countries, and groups of countries, as diverse as Vietnam, Singapore, Mercosur and Mexico. The objective of these agreements is not just to reduce tariff barriers, but also to remove non-tariff restrictions to trade by agreeing on new standards and trade rules. The more trade agreements the EU signs, the bigger the chance that the international trade rulebook that the EU favours survives, despite Chinese violations and US unilateralism.

Europe United. On security, given Trump's public questioning of the continued relevance of the NATO alliance, America First will increasingly inspire a push for Europe United. In light of Trump's policies, and following Britain's decision to withdraw from the EU, there is now a stronger push among EU member-states to align, coordinate and further integrate elements of their foreign and defence policy. It will not mean NATO's obsolescence, but it means that increasingly the EU could become the centre for continental debate and deliberation regarding defence integration. It also means that the EU will get a strong role on coordinating European capability development and procurement efforts. It remains to be seen whether these EU efforts can deliver, but one requirement is that EU member-states take defence spending seriously. So far, the record is mixed.

Increasing European defence expenditures to 2% of GDP makes sense whether one wishes to accommodate Trump and keep the US committed to NATO, or if one thinks that the United States will turn its back on Europe. Any suggestion that this would lead to the development of a "European army" should be dismissed, however, as it plainly misrepresents current European defence realities.

One issue arising from increased European defence expenditures, however, is that this is likely to be accompanied by a tendency towards "buying European". US politicians and policymakers have repeatedly alluded to this over the past year. They view with some trepidation the increased role in defence for the European Commission and the creation of a European Defence Fund. Critics in Washington say Europe's discussion about "strategic autonomy" equates to a push for "industrial autonomy". They point out that increased procurement of European capabilities could mean a weakening of military interoperability with the US, undermining transatlantic collective defence. These concerns must be dismissed, however. European governments should insist on the United States to make up its mind; the US cannot complain about inadequate levels of European defence spending and, when those expenditures increase, complain that they are undesirable because they fail to benefit the US defence industry. Higher European defence spending is a net benefit, whether it translates into Europe procuring US kit, or not.

But this will not be sufficient. Due to Brexit, and the important role that the UK plays as a security provider in Europe, there is a growing demand for a novel European format to discuss strategic foreign policy issues affecting the continent. Based on the experience of EU-3 cooperation, the creation of a "European security council" made up of Britain, France and Germany and several other countries is worth considering. This security council could help structure the formulation of European defence and security requirements in the age of Trump and Brexit.

Think about China. Transatlantic tensions mean Beijing should be expected to continue to lure European governments into its orbit. Over the past decade, China's chequebook diplomacy and its growing economic muscle in parts of Europe has gradually translated into greater political influence there. China's 16+1 format has given Beijing strategic access to a group of central and eastern European countries outside of the remit of EU coordination and oversight. Countries like Germany, which are now specifically singled out by Trump's criticism, have tended to take a benign, market-oriented view of deeper engagement with China. Besides, at a moment when Trump threatens Europe with tariffs, President Xi has said that China seeks to protect and promote global free trade. It has led some in Europe to question whether China could be an antidote to Trump's protectionist agenda. In short, Beijing has found a way to push buttons across many parts of the EU. As geopolitical tensions between the US and China increase, these member-states find themselves playing catch-up on the broader strategic ramifications of their close ties to Beijing. The EU has a crucial role to play to help its member-states understand the challenge China presents. The European Commission now describes Beijing as a systemic rival, but it must do more to help this reality sink in with European national bureaucracies.

In the years ahead, the international landscape will principally be shaped by relations between China and the United States. The bulk of America's attention will increasingly be focused on economic and military competition with China. In this emerging great power struggle, Europe's role is less evident. Without a common European approach to this new great power competition, and given China's increasing influence in Europe, including in EU member-states, it is to be expected that the US and China will 'compete' over Europe. This is already becoming apparent in central and south-eastern Europe. The consequence is that if unprepared, the EU could be 'divided and ruled' by Washington or Beijing. This calls for better coordination inside the EEAS and within and among national bureaucracies to coordinate their "US" and "China" strategies: not just between different ministries but also among the "US" and "China" desks in the relevant ministries. It also calls for strategic discussions at EU-level on how to respond to this great power competition. The new HR/VP should take the lead on this issue.

Engage the US where possible. Europe should reach out to 'like-minded' countries: those countries that share its concerns over the breakdown of the multilateral trade and security orders. The EU should invest in stronger trade and security cooperation with states like Canada, Japan and Australia. Yet ultimately, there is no substitute for continued transatlantic dialogue. A hard-nosed assessment of common interests will determine whether the US and Europe remain close, even amidst the transactionalist atmosphere of today's transatlantic relationship. There are few topics in international relations that would be better addressed without transatlantic cooperation and it is hard to imagine the US and Europe no longer cooperating on the big global challenges of the day. The rise of China seems to be an obvious issue on which Europe and the United States should engage more. It is worth remembering that a structural rift between Europe and the US is precisely what Beijing (or Moscow) wants. ■

Europe Onward.
Bridging the EU Council presidencies:
from Bucharest to Berlin

The EU and the Western Balkans: going beyond the enlargement agenda

Corina Stratulat, EPC | Brussels

challenges

In the crisis-ridden European Union (EU) of the past years, **enlargement policy has struggled to keep a high profile on the EU's agenda,** let alone reap successes. Although the accession track has remained open to the EU-aspiring countries in the region, the **process has often been derailed** not just by outstanding challenges pertaining to the Western Balkans, but also by considerations linked to national politics and public opinion on enlargement in the member states. Preoccupations related, for example, to the freedom of movement of people, minorities, asylum seekers, the sustainability of welfare systems, bilateral disputes, economic prospects, border definition, and poor governance have made EU capitals increasingly assertive about which Western Balkan countries should advance towards accession and under what conditions.

At the June 2019 EU Summit, the member states, led by France and the Netherlands, insisted on postponing a decision on the opening of accession talks with Albania and North Macedonia to October, ignoring the European Commission's positive recommendation in this regard once again. A year earlier, the June Summit had resulted in a similar delay, as the EU capitals asked the two candidates for further progress on conditions set. The recent European Council was unable to reach agreement on moving forward, on account of the EU's internal divisions and challenges. In fact, North Macedonia had seen its EU path blocked for many years previously because of its acrimonious name dispute with Greece. Such **incursions,** which are becoming ever more frequent, including from direct neighbours like Croatia, as well as other issues such as, for example, the position of the five EU member states that do not recognise Kosovo's independence, might set the bar high for the aspiring countries for good reason. But they also **tie enlargement to the vagaries of domestic politics,** making it an unpredictable process.

What is more, **the member states have gradually sought to strengthen their control over outcomes on the dossier.** The German Bundestag in particular has taken a key role in assessing progress in the region itself, rather than relying on the opinion of the Commission, and strict parliamentary scrutiny of EU affairs now also shapes national positions on enlargement in the Netherlands, Denmark and Sweden. France, meanwhile, has introduced the possibility of a referendum on enlargement unless the government can rely on a large favourable majority in the Assemblée Nationale, while the Netherlands and Austria have been considering new constitutional requirements for ratifying future accession treaties. These mechanisms may make the process more democratic, but they also allow the member states to diverge in functional terms from the agreed standards and procedures for handling enlargement. Conditionality only works if it is consistent and credible, as well as driven politically by the overall commitment of the EU member states, as manifested at key decision-making moments. The **ongoing "creeping nationalisation" of enlargement has slowed down the process and weakened the policy's leverage.**

It has also revealed that, despite the adoption of enlargement as a priority for the recent Austrian, Bulgarian, and Romanian Council Presidencies, the **member states have lost their appetite for expansion.** This has made it easier for other actors—most notably Russia—to meddle in and cosy up with countries like Serbia, Montenegro, and Bosnia-Herzegovina, frustrating the EU's efforts to guarantee Europe's security.

At this point, the member states will not backtrack on the enhanced conditionality for the Western Balkans region, and there is certainly nothing wrong with the EU clearly marking its 'red lines' for would-be members. However, **the way forward in this situation is not less but rather more engagement** between the EU and the Western Balkans, within and in parallel to the enlargement process.

Fears that the Union's 'widening' to the Western Balkans would mean importing the region's problems fail to recognise that **the line between "European' and 'Balkan" challenges is increasingly blurred and uneven,** not least due to an already well-advanced level of integration between the two. By now, the Union is the Western Balkans' key trading and investment partner, as well as its main socio-economic and political model of development. This means that the Western Balkan countries take the brunt of decisions and developments inside the Union, while also being natural allies for the member states at a time when the EU's traditional allies – like the United States and the United Kingdom – seem to be in retreat.

The fact that **the interdependence between the EU and the Western Balkans goes beyond geographic proximity** has been underscored by the financial, economic, and refugee/migration crises. As EU business and banking activity in the Western Balkans contracted during the crisis years, the region saw a steep rise in (youth) unemployment and state debt, akin to the situation in many member states. Likewise, the Western Balkan countries' role in helping the EU manage the inflows of irregular migrants has been crucial, demonstrating that the Union's ability to cope with the pressure and provide organised and safe reception of refugees and migrants heavily relies on the region's capacity to process and manage arrivals.

But the **EU and the Western Balkans also share the same problems and interests** when it comes, for example, to geopolitical instability in the neighbourhood, the unpredictability of big global players (especially Russia), terrorism, radicalisation, organised crime, cyber-attacks, illiberal tendencies, demographic decline, climate change, as well as the region's own unresolved war legacies. Such threats keep the two sides not just on red alert, but in the very same rocky boat. ■

solutions

This interdependence between the EU and the Western Balkans begs for joint action if the two neighbours are to successfully navigate in today's complex and unpredictable world. Thus, instead of retreating into navel-gazing — like the French President Emmanuel Macron suggested at the Sofia Summit in 2018 when he made his first call for consolidation before enlargement — **the EU should strengthen and diversify the ways in which it reaches out to its allies in the Western Balkans.** The member states should consider new, pragmatic ways to engage with the aspirants from the region while they wait to accede, shifting focus from the 'when' of enlargement to 'what' can be achieved through constructive cooperation for mutual benefit.

To this end, the EU should **involve all Western Balkan governments and parliaments as observers** in selected meetings, including those of the Council of Ministers and working groups, the European Council, and especially debates about reforms in areas such as the Single Market, the eurozone, strategic infrastructure projects, security, or migration and asylum. The same goes for the Union's efforts to tackle structural challenges like 'brain drain', lack of human capital, poor education, and ageing societies, because joint problems require joint solutions. Such a commitment could signal to the Western Balkan countries that the EU takes them seriously, in the spirit of true partnership, and is interested in policy co-creation rather than mere policy transfer to the region.

In addition, the European Commission should **develop more intense bilateral contacts with member states around the Balkans,** for example by organising meetings with foreign ministries and national parliaments to discuss enlargement. It should coordinate better with other EU-level actors (like the European External Action Service, the (European) Council, the European Parliament, the European Economic and Social Committee, the Committee of the Regions, and the Regional Cooperation Council), as well as with civil society. This will allow the Commission to build bridges and restore trust between the member states and the countries of the region, as well as to expand the pool of data informing its country reports for a more reliable assessment in the eyes of the EU capitals, which hold the final say on the dossier.

To keep the transparency and accountability of Western Balkan political elites in check, the EU should **do more to address the "executive bias" of its enlargement process and empower the Western Balkan societies** through smart, inclusive and, probably, expensive policies. Current proposals include opening European Structural Funds to the Western Balkan countries (such as to support infrastructure projects); extending the use of the EU's financial stability mechanisms to the region or enabling circular migration and access to the EU labour market as a preventive measure against irregular migration; deepening integration in Justice and Home Affairs (JHA) for more effective joint action in relation to migration, and the fight against corruption and organised crime. Others suggest commissioning regular "shadow" reports on the state of democracy by civil society organisations in the region, providing more financial and technical support to the Regional Economic Area and Connectivity Agenda for the Western Balkans, agreeing to additional structural funding in the EU's next Multiannual Financial Framework (MMF), and even giving the Western Balkan states membership in the Single Market by 2025. The upcoming Croatian and German Council Presidencies should make discussions about these and other concrete proposals one of their priorities.

Consequently, there is no shortage of ideas for how to proceed. What is lacking is vision and political courage. The worst that can happen now is to pretend that the EU can afford to be in the same boat with the Western Balkan countries, on a turbulent global sea, but not ensure that they are rowing in the same direction. ■

Europe Onward.
Bridging the EU Council presidencies:
from Bucharest to Berlin

Migration, borders and integration

Thanos Dokos, ELIAMEP | Greece
Senada Šelo Šabić, IRMO | Croatia

challenges

There is increasing concern about migratory movements from Europe's broader southern neighbourhood to various European countries. Demographic pressures in the global South are producing social and economic strains and a steady stream of migrants seeking jobs and social security. The number of migrants and refugees is expected to further increase because of various conflicts and of climate change. Therefore, **migratory flows caused by economic, environmental or security threats** will — for the foreseeable future — remain a major, even critical challenge for Europe, which has to develop an efficient long-term migration management policy.

Europe is currently facing **daunting challenges:** monitoring and protecting its borders while trying to uphold human rights, coordinating relevant policies, managing migration flows, attracting skilled labour, managing tensions with migrant groups (especially Muslim communities) to protect social cohesion and stability. The **economic and social cohesion and security rationales for a European migration policy appear to be diverging.** In principle, demand for labour might encourage a more liberal attitude toward economic migrants from the global South, or the development of new guest worker arrangements with North African and other states, on a national or European level.

Nevertheless, there is no current consensus on security and economic aspects of migration at the EU level, as discussions tend to end in a stalemate. There appears to be no middle ground on key issues like a common asylum policy, burden sharing, integration strategies of migrants and refugees, as well as radicalisation and prevention policies. Also, there is **no common position among EU institutions,** as the Council, the Commission and the European Parliament are divided on who should take the lead and who should have which competences when it comes to migration.

The **EU-Turkey deal continues to stir debate.** While some defend it as a pragmatic solution that the EU has to sustain under the current circumstances, others criticise it for the fact that by supporting the deal with the Erdogan regime, the EU is compromising its basic values. In addition, the idea of reception centres outside of EU territory is dead in the water because of the extreme reluctance of possible partner countries to cooperate.

Cooperation with transit countries remains, of course, an important topic, as many migrants come to the EU through countries such as Morocco, Libya, Turkey, and even Iran (in the case of Afghans). The cooperation between Morocco and Spain is a good example of efficiency. Many would consider the EU-Turkey Statement, however controversial it might be, as another such example. There is good reason for the EU to provide financial support and incentives to some key transit countries, under the strict requirement of treating migrants as humanely as possible. It should be noted, however, that key transit countries falling in the category of weak or failed states, as is the case with Libya, create a nightmare situation for multiple reasons, including migration management.

Cutting or completely suspending **search and rescue missions in the Mediterranean** are reflections of tension and frustration in Europe with the current waves of migration. Instead of saving people at sea and safely bringing them to Europe, Italy and the EU (a) outsource to Libya the authority to prevent migrants who embark on boats towards the EU and (b) return those whom they intercept. An outcry from international organisations and humanitarian NGOs about dire conditions to which migrants are subjected in Libya has not amounted to policy change. As a result, commercial ships also face the uncomfortable position of having to choose between the duty to rescue people who find themselves in life-threatening situations and the possibility to be stranded at sea for weeks due to the closure of Italian ports and the inability of European states to agree on a common disembarkation mechanism. Due to conflicting views on quota distribution, burden sharing, asylum standards, reception responsibility and many more, the **Common European Asylum System has limited prospects of becoming fully functional in the near future.** Once there is agreement at the political level, operational questions regarding the cooperation between national authorities, the European Border and Coast Guard Agency (FRONTEX) and NATO have to be addressed.

The only issue where there is some agreement is that the EU's capabilities and performance need to be visibly improved through **border protection.** Various member states disagree, however, on the role and jurisdiction of the European Border and Coast Guard. Some are willing to accept a greater role; others emphasise sovereignty issues.

Member states are most divided over a possible "European solution" to the migration problem. The Visegrad countries strongly emphasise security and identity issues and are extremely reluctant to accept even a small number of refugees and migrants. Xenophobia and islamophobia are gaining currency in a number of European countries. Austria and Denmark, as well as Finland and Italy are positioning themselves closer to the Visegrad group. Germany is leading a group, including countries such as the Netherlands, Portugal, Spain, Greece and Sweden, generally supporting a Europe-wide solution to migration. Croatia is positioned between these two groups. While it supports a European solution, it increasingly approaches migration strictly as a security issue. It also prefers to remain a transit rather than a destination country for migrants. ■

solutions

Should groups of countries move ahead with certain initiatives? While this would go against the EU's general logic to try to reach a consensus, it might be the only way to make progress in the short-term, especially in cases where the situation has been stalemated. As such initiatives may also hurt the cohesion of the Union, some skilful consequence management might be necessary. The success a group of member states could achieve in implementing certain initiatives might dispel concerns of some currently reluctant or opposing member states and prompt them to join an initiative. The stubborn insistence on cohesion at the expense of functionality and progress does not work for the EU either in the long or short term.

Due to the complexity of migration issues and their often unpredictable interaction with other policies, there are **no easy, quick or one-dimensional solutions.** There is also considerable uncertainty about the evolution of the international and regional security environment. Any new strategy on migration will therefore need to **focus on the world beyond the EU's borders** to address the root causes of migratory flows, helping to broker an end to various conflicts and providing opportunities for the affected communities to stay as close to home as possible.

More specifically, as there is no magic bullet to deal with Europe's migration challenge (but also its demographic crisis, which is a separate but connected challenge), an effective management policy will be multidimensional and should have the following components (not listed in order of importance):

- Design and implement tailor-made developmental assistance to countries of origin (preventive approach);
- Instil a sense of shared responsibility through a dialogue based on trust and mutual respect;
- Engage in effective conflict resolution in Europe's broader southern neighbourhood;
- Sustain a carrot and stick approach towards countries of rigin to accept the repatriation of larger numbers of economic migrants;
- Encourage circular migration;
- Foster effective integration policies of migrants in European societies. Education is key. Hurdles should be anticipated as not all refugees may be capable or willing to be integrated;
- Provide conditions that stimulate higher birth rates in Europe;
- Actively address workforce shortages. Expand incentives to attract high skilled migrants;
- Initiate and maintain a continuous dialogue with European citizens on migration challenges;
- Advance more efficient protection of the EU's external borders and better coordination on issues of internal security;
- Create a High-Level Group/Migration Council (with senior former policymakers, statesmen, experts) to draft a long-term migration strategy for the EU.

Migration is just one of many challenges facing our continent (and the world) today. Despite the sense of urgency, fear and confusion it provokes, the EU can and should consciously nurture a sense of calmness and aptitude. **Panicking does not help. A strategic, rational and determined approach does.** ■

Economy in flux

Alexandra Martin, GLOBSEC Policy Institute | Slovakia

All is not doom and gloom in Europe's economy. Until the beginning of 2019, the EU and the Euro Area had grown for 23 consecutive quarters and economic growth is set to continue in 2019 and 2020. The unemployment rate in the EU28, at 6.5% in January 2019, is the lowest rate recorded since the start of the EU monthly unemployment series in January 2000. Investment is picking up, filling the gap left by the crisis years. Nevertheless, an economic slowdown is always possible — if not already underway — and important additional challenges lie ahead, urgently calling for solutions. Divergence between groups of member states might lead to further divides, imbalances and preference for short-term band-aids over long-term structural reforms.

Working towards the completion of the European Monetary Union

challenges

Today EMU's institutional and economic architecture remains a contentious issue within the bloc and across the Euro area, as fears of a multi speed Europe continue to develop amongst the euro-outs. The lessons of the economic crisis fell short in implementation, as the reforms needed to address differences in economic development; discrepancies between monetary policy and national policies are still discussed.

solutions

In medium and long term, EMU should not only deliver a robust mechanism for shock absorption, but also enable upward convergence, economic policy coordination, sustained growth, full employment and solidarity across the entire union. The next stage of the EMU should focus on risk sharing through the completion of the Banking Union and integrated financial and capital markets, which remain severely underdeveloped across CEE. Subsequently, risk-sharing should be backed up by a mechanism for fiscal stabilization, with particular focus on national fiscal policies, price and wage divergence and debt sustainability, where most CEE countries lag behind. By not tackling the existing structural shortcomings of the EMU design and the calls for inclusiveness of non-euro countries, the union is creating an even greater dividing line with fewer chances of a successful process of economic convergence and financial integration.

Next for the Single Market

challenges

The establishment of the common internal market remains without doubt a distinguished feature of the European project. Efforts to deepen the market swayed from the 'ever closer union' to 'market fatigue', as substantial barriers to cross-border exchange and partial liberalization remain to date heated conversations amongst the member states. Yet, all EU countries but Britain and Ireland trade more with other EU countries than with the outside world.

The capacity of all European economies to generate higher growth of incomes, jobs and productivity remains affected by the incompleteness of the Single Market. National borders, trade barriers, outdated rules and protectionism continue to curb market opportunities. CEE countries continue to be highly dependent on both capital and knowledge imports, while fragile in face of economic migration. These imbalances led Romania to lose to date about 20% of its active labour force, and Germany to gain over 2.5m workers from CEE.

solutions

Decision-makers should focus over the medium and long term on the untapped potential areas such as services, energy, digital and capital markets. The European market is splintered with as many as three times more services companies than in the US. Priority reforms should be centred around creating a competitive business environment for job creation across the union, addressing behaviour that distorts the level playing field, and identifying sectors where technology and innovation can be traded across border. Europe must depart from national champions and enable economies of scale that allow it to compete globally, lower consumer prices and enforce actions that improve cross border access to services. In the words of the Dutch Finance Minister Wopke Hoekstra, Europe can no longer "apply bricks and mortar rules to a digital economy."

XXVII

A fully interconnected digital Europe

challenges

Europe has strong traditional industrial sectors but has fallen behind Asia and America in the technological race in certain areas, such as the digital economy. Current EU regulation lags behind rapid technological evolution. Many rules in place are hindering the potential for digitization and the EU's response must be immediate, timely and effective. Europe must remain industrially strong and retain its global leadership in manufacturing. The shift towards automation, data exchange and the emergence of artificial intelligence underlines the importance of a digital infrastructure to the EU's industrial competitiveness.

solutions

However, much more cutting-edge research in new technologies is needed. Europe's failure to increase R&D spending to the desired level of 3% of GDP represents the most significant failure of the Europe 2020 Strategy. This could be coupled with a reform of the EU's budget. The current budget presents only 1% of the European economy, but it has the potential to support integration and economic growth by fostering EU-wide research, including new technologies. Thus, spending on the European Research Council should be multiplied to allow for large-scale projects, which are absolutely natural in the United States or China. In another first step, interconnection among national authorities and uniform rules for electronic procedures across the EU must be ensured. A fully interconnected, digital Europe would help businesses, especially SMEs, to go cross-border and capitalise on the opportunities of the Single Market.

Working towards a Carbon Neutral Europe

challenges

The current economic model is not fully encouraging more sustainability; therefore, a redesign must be in sight. Climate change and decarbonisation policies are not a threat, but an opportunity and Europe should build on its success so far and better link regulatory and investment incentives with targets and sustainable regulation. We have many technological options at our disposal, like wind, hydro and solar in power generation, LNG in heavy duty vehicles, e-mobility in cities, passive or even active houses. The costs of many technologies are going down and with reasonable R&D and regulation policies, they can be further decreased. We should aim to replace imported fossil fuels and decrease our dependency from geopolitically instable regions and bring growth and jobs to our European economy.

solutions

Looking from the CEE region towards Western Europe, one frequently gets the impression as if the only thing that mattered was how to create a greener and even more social Europe, and to save the global climate. However, meeting a climate-neutral economy for all EU MS by 2050 requires a just transition, supported by robust financial incentive packages, technological alignment and clean mobility strategies. The V4 countries are highly dependent on the automotive industry, with a GDP share of 8% to 13%, and a significant role in economic growth, exports and employment level. A green transition cannot be achieved if the public sector is alone in enabling a low-carbon and energy-efficient economic model. A main sticking point remains: while the EU has reduced CO2 emissions by 23% since 1990, global CO2 emissions have at the same time increased by 2/3. China is now by far the largest emitter of carbon dioxide. Against a backdrop of loose political will, unbalanced demographics and signs of economic slowdown, Europe must champion a global effort to fight climate change. ■

Europe Onward.
Bridging the EU Council presidencies:
from Bucharest to Berlin

The eurozone – a still unfinished business

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challenges

The euro was expected to make Europe stronger and more integrated. So far, it has not succeeded in this endeavour. Moreover, current **differences between member states** make it very difficult to reform and enlarge the Economic and Monetary Union (EMU).

First, the **internal design is incomplete**. The EMU underplayed the importance of banking, fiscal and political union and failed to provide the right incentives to promote the structural reforms. There have been substantial changes, including the creation of the European Stability Mechanism (ESM), key pillars of the banking union and the strengthening of the economic governance framework. But this is still not enough to secure the eurozone's future; and member states are far from reaching a consensus on how to achieve that, precisely when turbulent geopolitics would require that the EU could use the euro as a foreign policy instrument.

The second challenge—less urgent but still important—is **enlargement**. There are still seven EU members which are obliged to join, but so far have not been willing or able to meet the criteria. This division makes up a threat for the long-term coherence of the single market (asymmetric access to devaluation), differentiates the integration politically, as well as exposes the EU to speculative currency attacks against selected countries, but with the potential to harm the whole Union. ■

solutions

Deep reform cannot be achieved overnight: it will move forward in small, gradual steps. Approaches for progress should focus on four areas. The first one is about different aspects of **financial integration**, namely about the single market, particularly in the services area, the banking union with a common deposit guarantee mechanism, further convergence in bankruptcy laws, and fiscal backstops, as well as the deepening of the capital market union.

The second field concerns establishing more **economic convergence** between different eurozone countries. Positive incentives need to be put in place for countries to undertake unpopular structural reforms on an ongoing basis so that their economies are flexible, innovative and socially inclusive enough to survive within a single monetary area. The work of the European Semester and its country-specific recommendations could be useful, but they need to be enforceable by designing an intelligent incentive structure. In any case, national-level reforms will not be enough. The EMU needs pan-European public goods, such as security, border protection, digital transformation, climate change policy, which, if well designed, commonly financed and executed, will contribute to a higher stability of the euro area.

The third area is to **extend fiscal capabilities** by creating a Central Fiscal Authority (CFA) with own revenues and the ability to issue joint debt. Its President should be proposed by the Eurogroup to become the Commissioner for the euro; a newly created Committee for EMU affairs in the European Parliament should specifically ratify his/her appointment to ensure democratic legitimacy. Input legitimacy at the European level is important because the CFA's President, who would be in fact the Euro finance minister heading an embryonic eurozone treasury, would be responsible for enforcing fiscal and macroeconomic rules. These rules should be monitored at a technical and independent level and be simplified to achieve more credibility.

The fourth area is **crisis prevention and management**. As long as there is no large eurozone treasury with a sizable budget capable to deal with asymmetric shocks, all eurozone sovereign bonds should continue to be considered low-risk assets, implicitly backed by the ECB, leaving the possibility of public debt restructuring as a very last resort option. A possible measure could be a cap on yield spreads (e.g. 300 basis points) which would limit the risk of instability in the bond markets and of deepening the financial fragmentation. In this design for crisis prevention the ECB should act as the lender of last resort for illiquid but solvent member states stressed by financial markets.

However, in the event of an official insolvency of a member state, the CFA would take control of its public finances and negotiate a memorandum of understanding with the

country under stress, which would lose part of its sovereignty. The CFA would then be in charge of monitoring and implementing the adjustment program under the parliamentary scrutiny of the Committee for EMU affairs of the European Parliament.

At this point, it seems clear that these proposals encounter important **political economy obstacles** for their implementation. In particular, the **north/south (creditor/debtor) division within the eurozone** has not disappeared. Whereas the countries of the so called "New Hanseatic League" plus Germany seem to oppose any risk sharing before there is substantial risk reduction, countries in the south plus France consider that risk sharing and risk reduction should proceed simultaneously. This implies that the "northern" countries oppose any fiscal stabilisation function or a common deposit insurance scheme for the eurozone, while those in the "south" consider them not only indispensable, but also urgent. In particular, they point out the need to fix the eurozone's architecture before the next crisis hits.

The key obstacle for overcoming this deadlock is a **swelling conflict between Italy's Eurosceptic government and northern Europe**. This poses a huge risk because an eventual escalation in Italy's risk premium (due to banking difficulties or to doubts in the capacity and willingness of the government to service its enormous public debt) could bring back the euro crisis. Italy is much larger than Greece, its government might not be willing to apply for a bailout that would imply a substantial loss in economic sovereignty, and the German (or other) Parliaments might not be willing to approve such a bailout. However, as the European experience has shown, **we might need some sort of crisis in Italy for EMU reform to move forward**.

Alternatively, the current geopolitical landscape, characterised by US unilateralism and by ongoing American threats to European economic interests (trade war, secondary sanctions to European companies that do business in Iran, etc.), might open the possibility of a new consensus emerging from the need to **foster the role of the euro as an international currency**. There is a growing understanding that the euro needs a safe asset and improved governance if it is to be more widely used outside Europe. The European Commission has put forward a number of proposals to achieve this goal and even the more conservative "northern" countries are willing to discuss them. However, this window of opportunity might not be enough to solve the "Italian issue".

Finally, **progress in enlargement of the monetary union cannot be taken for granted**. Bulgaria, Croatia and Romania are interested in a quick path to the euro. However, there is little enthusiasm for their membership on the eurozone's side – stressed with their own internal tensions and concerned with institutional and economic weaknesses of these three candidates. On the other hand, stronger non-euro economies, like Poland, Sweden or Czechia (possibly supporting the "Northern Europe's" financial bias) are not interested in joining the EMU in the foreseeable future. They have performed much better in recent years than the eurozone's average, thus their societies have become more skeptical towards the common currency.

The problem with the eurozone's enlargement is that its **current drivers are rather negative**. These drivers – fueled by the upcoming Brexit – include fear of political marginalization among the non-euro countries caused by ideas of exclusive euro-integration (e.g. eurozone budget, own minister of finance) or differentiated integration. There is also fear of being left to one's own devices in case of a crisis, without access to financial assistance available in the eurozone. It is essentially about weighing costs of membership against costs of being outside. But a much better way than letting this lesser-evil-approach gain ground would be an **incremental inclusion based on incentives to reform, adjust and get closer to EMU**.

One of the possible measures could be a **rearranged exchange rate mechanism** (ERM II), which has so far worked as one of the preconditions to join the euro area. A new design could combine more flexibility in duration of the membership and the margins by +/-15% with stricter obligations to meet EMU-standards and granting incremental access to eurozone measures. This view might be slowly getting the upper hand in the EU. The recent decision on giving non-euro MS access to the so-called eurozone budget on a voluntary basis can be perceived as a step towards turning the ERM II into a more politically oriented tool aiming at fostering the enlargement process. ■

Europe Onward.
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from Bucharest to Berlin

Europe and the hybrid threats conundrum. The case of manipulation of information

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challenges

Whether they like it or not, the European Union, and more generally the community of Western liberal democracies, are now compelled to acknowledge the renewed intensity of malign actions undertaken under the threshold of open aggression by a number of state powers (Russia, China, Iran) and non-state actors (terrorists, violent extremists, radical groups), unhappy with the current international order. This phenomenon has been called many names – hybrid threats, gray zone conflict or unrestricted warfare – but all converge to a single idea: it has been especially challenging to face up to these threats as they reside in an ambiguous strategy which aims at blurring the distinction between war-like hostilities and peaceful competition.

Although direct and indirect uses of military power play an important part in hybrid warfare—to shape perceptions, cultivate fear, evoke misguided responses and create facts on the ground—the article limits itself to the analysis of non-military instruments of power deployed in gray zones of conflict. It particularly focuses on how malign actors shape the cognitive domain, erode the resilience of democratic societies and influence their strategic long-term decisions through skilful manipulation of information. Even if it comes to the outbreak of violence and use of military force, the preconditions for conflict as well as its course and outcomes are shaped, often decisively, in this domain. Decisions critical to "hard security"—such as whether to put up resistance to military aggression, assist an ally in trouble or even sufficiently invest into military defense in general—are contingent on what information is available, how it is processed and how it interacts with deep-seated perceptions in various sections of society. Dealing effectively with information manipulation is thus essential to "hard security" as much as it is vital to maintaining "soft security" and the resilience of our societies.

Information manipulation in the hybrid conundrum. At the operational level the "hybrid conundrum" encompasses a wide array of tools that can be used to perform these subversive activities: old-fashioned propaganda boosted by digital social media, wide distribution of false information, political meddling, such as opposition party sponsoring and corruption, cyber-attacks and wide range hacking, economic pressure through aggressive trade and tariff policy as well as industrial espionage, black market and organised crime activities, clandestine actions and active measures that may include political assassination and covert support to paramilitary groups, up to military intimidation through nuclear posturing, troop movement and live exercises.

Among these various operational tools, the manipulation of information holds an especially important place as it directly challenges Western democracies' liberal traditions, such as the freedom of speech, or government accountability and transparency, hoping to turn these strengths into weaknesses. Even though propaganda and disinformation campaigns have always existed—they were especially intense throughout the Cold War era—they have recently been boosted by the new possibilities of the global digital age and especially the development of social media. This phenomenon has made it possible to spread malign information—either false, leaked or politically biased—on a new level in quantity as well as in quality: for the first time in history it became possible to combine world-wide diffusion and highly targeted content.

This strategy resulted in a devastatingly efficient campaign all the more as they converged with another phenomenon, one that democracies had brought on by their own fault: the growing popular discontent and confidence crisis between European citizens and their governments. It is therefore important to acknowledge that efficient manipulations of information campaigns do not usually engineer a crisis on their own, but rather try to worsen and widen an already existing tension. The combination of these two trends has been especially dangerous to both the political project of the European Union and its values; the high degree of strategic naivety makes the EU pay a heavy price now.

Massive manipulation of information campaigns following the above-mentioned methods has been clearly identified in a number of political and social crises: from the 2016 Brexit referendum, or the Dutch Ukraine–European Union Association Agreement referendum, through the 2017 "Macron-leaks" attempting to disqualify the leading candidate in the French presidential elections, and to the Catalan crisis, the 2018 Italian elections and the French "yellow vest" movement. Beyond these intensive campaigns revolving around a punctual event (an election, a social crisis), one also needs to stress on the background noise that has been sustained around the depiction of the Ukrainian and Syrian conflicts, or various political issues throughout the European Union and elsewhere.

solutions

The need for an Innovative whole-of-government and whole-of-Society approach. All Western societies differ in various aspects of their political, social, economic and cultural fabric, and each possesses a unique set of vulnerabilities. It is therefore difficult to articulate one-size-fits-all generic solutions to the challenge of information manipulation. This is why there is an established consensus both within the EU and NATO that building resilience is a national responsibility. Yet success of information manipulation, as a tool of hostile influence strategies, often hinges on similar factors across all nations and dictates the same general principles of response. In the age of fast political, economic and technological change, national resilience of all EU member states—interconnected societies highly reliant on digital informational and communication technologies, on common binding rules and on mutual trust—exhibits gaps that are tightly linked to the socio-economic and cognitive domains. The very survival of the EU will depend on how the nations address those gaps—individually or, if and when necessary, collectively.

As a common starting point in a values-based union, we must reinforce a solid research-proven understanding that ever-deepening socio-economic inequalities and present vulnerabilities within many EU member states create fruitful ground and convenient operational environment for foreign-led malicious activities and hostile information operations against the EU, its principles and citizens, in virtual as well as physical space. Strategic naivety or outright denial among some political and societal actors that this is really the case—despite the already abundant evidence—is not helpful in developing solutions.

Then, we must focus on building genuinely whole-of-government and whole-of-society approaches to resilience, including in the cognitive domain and in dealing with the challenge of information manipulation. The European security expert community should cultivate further among the decision-makers the principal idea, which declares that the source of national resilience to hybrid threats originates from strong civil society and multidisciplinary horizontal co-operation among various stakeholders on different levels of governance. Moreover, we should recognise that beside EU and national levels, regional and local levels are equally crucial for detecting and counteracting harmful disinformation campaigns. Since systemic approaches and complex, multi-stage programmes are proven ways to achieve tangible results and realistic outcomes in strengthening nations' resilience to hybrid threats, the EU member states should allocate sufficient resources for national (governmental) programmes, civic initiatives and projects, as well as multi-stakeholder cooperation frameworks among and within the countries. In particular, they should focus on:

- **Developing human capacity for informational resilience:** tailored trainings, study visits, courses and seminars, consultancies, expert forums etc., for larger involvement of motivated representatives from regional and local authorities and civic opinion leaders. Continuous improvement of cyber hygiene and information hygiene should become naturally understandable, an integral part not just of national security, but also of everyday learning activities.

- **Strengthening within the European Centre of Excellence for Countering Hybrid Threats various comprehensive research tools** for identifying present gaps in and emerging threats to information, communications and cybersecurity. This will create a firm basis for better situational awareness among local and regional authorities, opinion leaders, journalists, expert community and civic activists on main challenges to and opportunities in cyber, communications and information security.

- **Providing methodical and evidence-driven exploitation of social media** in order to more effectively counter online disinformation campaigns. This requires strengthening of state and civic capacity for (social) media awareness and monitoring by using affordable methods of predictive analytics, machine learning and big data clustering. More attention should be paid to launching new educational programmes for delivering and attracting more of the respective specialists to problem-solving initiatives against disinformation and other communication-related hybrid threats.

- **Providing hands-on advanced training to various stakeholders** and beneficiaries on practical aspects of information resilience, strategic communication, cyber security and psychological defence. Training groups should be composed through a multidisciplinary approach, which helps to improve and expand horizontal internal communication among authorities, civil society, independent media and expert community. Cross-fertilisation of new ideas and solutions is key for successful practical training activities. The trainers and facilitators from so-called frontier states (like the Baltics, Poland, Ukraine, Georgia) should be invited to and included in the program.

- **Bring in the youth!** Increasing involvement of young people by organising more interactive events at schools and more attractive hackathons at regional universities. Students should be creatively directed to elaborate on and suggest innovative solutions to the actual local and regional problems related to hostile disinformation. Regionally and thematically tailored events have more sustainable impact on the participants. Moreover, the young generation holds the power to engender a strategically important and positive shift in attitudes and behaviour within the societies of the EU member states.

- **Raising the cost of manipulation of information:** Revisionist powers who engage in hybrid threats and manipulation of information campaigns are particularly risk-averse – otherwise they would not try so hard to remain under the threshold of open aggression. This can be turned to the EU's advantage. A number of repressive measures can be taken to raise the cost of massive disinformation campaign, such as a ban on certain media or imposing economic sanctions through civil lawsuits (if adapted legislation has been passed). The example of the French law to combat false information is an interesting one, which is worth exploring albeit its current limitations.

- **Bring information technology back on track:** Hybrid threats have been using digital technology and social media for disruptive and subversive purposes. It is up to EU democracies to change this trend and use technology for better purposes. Western mainstream platforms are to be engaged to minimise the negative uses of their online tools: as automation has been used to spread out falsified information and propaganda, automation can also be used to stop it – without adopting repressive measures such as those enforced in authoritarian regimes. Investment in data science and artificial intelligence should be a priority, as well as the development of European digital giants capable of ensuring a European strategic autonomy in the digital realm. ■

Europe Onward.
Bridging the EU Council presidencies:
from Bucharest to Berlin

Europe 2030. A strategic framework to make populism obsolete

Dani Sandu, EUI | Italy, GlobalFocus Center | Romania
Daniel Stefanov, ECFR | Bulgaria

challenges

There is an **overall frustration** in the EU. As the latest survey of the European Council on Foreign Relations and YouGov showed, 44% of all Europeans think that the political system does not allow for ordinary people to have an influence on politics. 38% of the whole European electorate believes that both the national and the European political systems are not working. Contrary to the general expectations, this phenomenon is not only typical for Southern or Central Europe. The most disillusioned citizens are actually in France (69%), in Greece (61%) and in Italy (42%). There is also a very strong wave of economic pessimism in Europe. Even in countries like Sweden, the Netherlands and Germany, more than half of the citizens believe that their children will not be better off compared to them.

The go-to reason for general dissatisfaction has been, for some years, the charge of **rising inequality**. Indeed, while inequality between EU member countries has decreased, inequalities within EU member countries have ballooned. Most Central and Eastern European (CEE) countries have seen their S80/S20 (ratio top 20% and bottom 20% in income) inequality increase from 3-4 in the '90s and 2000s to 7-8 in 2017, while their GDP/capita rose from 20-30% of the EU average to almost 60%. In countries such as Italy, the GDP/capita has decreased from 28,700 EUR in 2007 to 26,700 in 2018. Greece faced a similar decrease, while countries such as France only modestly increased their GDP/capita. Still, while the rising financial inequality is indeed dire, these figures mask the depth of the increases in non-financial inequality, especially connected to governance or public services, that are visible throughout the EU, but especially in CEE countries.

Most of these **inequalities are difficult to see in traditional indicators** and are more connected to the framework of the economy rather than the outputs. For example, Western industry has begun to move multiple parts of their supply chain to cheaper, but relatively well-trained CEE countries. In the bid to attract this type of investment, the Visegrad model of development surfaced, where CEE countries would run auctions offering the lowest tax rates for FDI and then other types of benefits, such as targeted infrastructure investments or even reductions of protections for the workers. These reductions have greatly affected the structure of citizen opportunities and the quality of institutions in these countries.

Opposed to the classic transfer union through EU funds, we can also identify **a less visible transfer union at work**, which moves highly qualified people from poor states to rich states through economic migration. These workers "move" their productivity abroad, contributing to the growth of Western countries, and leave their own societies without the liberal, democratizing political representation that could have stopped

authoritarian leaders from acquiring power. These authoritarian leaders are more than happy to trade potential dissenters in exchange for hefty remittances that end up funding their governments and giving some minimal stimulus spending to create growth. With this dynamic, CEE leaders are bound to keep economic growth relatively steady at the cost of increasing invisible inequality within the country. These increases in inequality also create a general sense of anxiety within the population that is quickly exploited by the same political leaders who connect it with migration—even in countries that have seen little or no migration.

Many **new issues arose in European societies and labour markets**: Companies are increasingly focused on exchanging human labour that is highly paid but routine with technological innovations; surplus of labour, especially low-end, unqualified labour from CEE countries has put pressure on the lower-middle class of Western European countries. Blue-collar workers from France, the UK, Italy or Spain feel squeezed out of the labour market, large cities are becoming larger (and too expensive for locals) and small towns or rural areas are becoming ghost towns. These issues are new, by nature, and can scarcely be addressed with traditional policies that mainstream parties are so attached to. In the vacuum created by anxiety, citizens prefer new solutions because of their novelty, not necessarily their functionality. As a result, anti-establishment political movements have grown at a surprising pace.

At the European level, many challenges such as migration remain unaddressed by moderate political groups. Blocked in the search for a high national approval rating and the European consensus those **political forces fail to offer to the European citizens viable solutions to global crises and everyday difficulties**. Issues such as migration remain untended; or, even worse, for fear of losing political support, mainstream political parties adopt a lighter version of the populist rhetoric, therefore betraying both their core constituencies, who see other problems as more important, and the runaway electorates, who are drawn toward the more radical discourses.

The **concerns of the lower part of the middle class around Europe about the negative effects of globalisation** were automatically placed on the EU's shoulders. New solutions for the economic crisis and the migration threat were offered by the populists, and their scores swelled, even as their policies did little to address the problems. In fact, while populist leaders of CEE and, increasingly, EU15 member states (at least Italy, now), are the main actors talking about the issues of globalisation, they are also the ones least interested in solving them. Any resolution to the issues of globalisation that would leave EU countries as rich and stable as they are will likely entail more integration and coordination, not less. By arguing for less integration and a bright future, the **populists**

knowingly promise the impossible. Their best way of surviving will probably be to sabotage initiatives likely to solve the problems they depend on for political capital.

To that end, it is expected that the **political allegiance system of the EU will no longer only be between member countries, but also increasingly between ideological families** – with the nation-state Europe populists sternly allied across countries. As long as such allegiances remain politically self-reinforcing, with Lega, PiS, FIDESZ and other such political parties leading governments that have a veto capacity in any high-level EU decision making process, a wide-ranging compromise is not likely.

solutions

Policy Proposals to Take Back Europe. While most of the problems that have worsened in recent years are economic in nature, the solutions we might think of need not all be economic. What has kept Europe united and still touches the hopes and dreams of its core supporters are not only dreams of economic growth, but also dreams of a cultural-social union. Some of the more often discussed solutions are:

A broader alignment of moderate political parties on core issues related to the future of Europe. While traditional policies may not be optimal to solve the new problems we are facing, the values that stood at the core of the European project are still as relevant today as they have always been. A discourse that is more centred on these values and that refutes anti-establishment policy proposals as not being compatible with these values is sure to reconnect citizens, especially as populist parties will start failing. The core factor here is to quell the current anxiety felt by many Europeans and stoked by all populist parties and move forward from the generalised feeling of political siege to one of constructive growth and dialogue.

The traditional political **parties need to find new techniques to absorb new issues, attitudes and solutions**. It is important that they try to reconnect to citizens by actually giving them a voice in the selection of candidates, policies and driving principles. Those techniques could be party referendums or voting, open primaries, a solid caucus system, etc.

It is even more important to **let citizens pick the best candidates in the party lists**. We should think of new electoral systems that give citizens more choice within the party lists. One such option is using open lists within the Proportional system. The traditional political parties need to reinvigorate how they are seen by the public, not merely project themselves as the dull guardians of long-standing political order. More than a temporary alternative to populist political parties, they need to find new ways to explain society, project values in the future and attract allegiance from a wider voting pool. Waiting for populists and extremists to slip up, as it happened with Mr. Strache's corruption scandal in Austria, will not automatically bring voters back to mainstream parties. EU citizens are often desensitised to a discourse about European values and liberal democracies because oftentimes these have become mere words that old and dusty political elites use to preserve their privileges. New leaders and political parties with renewed internal structures and ideas can rekindle the fight for European values. The status quo can only hope that populist parties in government slip up, so they can become the alternative.

An open discussion and reform of the European Stability and Growth Pact that is currently imposing limitations of 3% GDP deficit and 60% GDP debt. While fiscal limitations are essential for the functioning of the Eurozone, the current limitations are arbitrary—as economists repeatedly argued—and rarely respected by the larger economies. These limitations are placing a fiscal straitjacket that usually only the mainstream political parties respect and that offers challenger parties the opportunity to criticise "eurocrats" in campaigns. When these parties are elected, they oftentimes disrespect the fiscal rules and deepen their popularity through stimulus spending that mainstream parties never had access to. This limitation is especially dangerous for countries with slow or negative growth in the Eurozone, which require more spending to boost the economy.

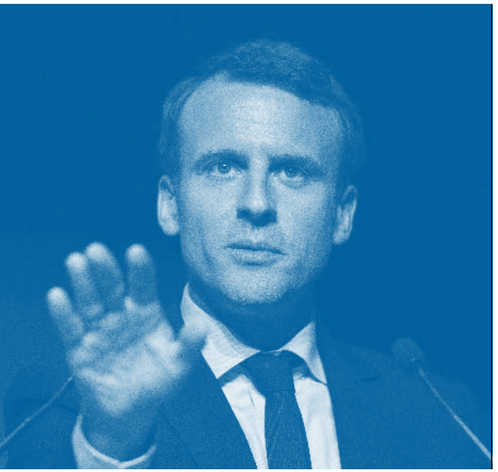
Another important fiscal administration problem that has been long discussed is how important member states break fiscal rules with no consequence, while smaller member states are almost blackmailed to toe the line, thus deepening the **perception of unequal treatment**. While France has run a deficit above 3% for many years, with little reprieve, Germany has been many times criticised for its trade surplus by the European Commission. Yet smaller countries are not shielded in any way when they break arbitrary rules and are punished by the markets. A solution to this issue would be to **increase the sanctioning power of the European Commission**.

Social investment spending has been repeatedly argued to be the key to increasing human capital convergence throughout the European Union. While the European Commission has launched the Social Investment Package in 2013, little of its policies were implemented. An immediate solution to this issue would be the creation of an EU-wide agency that can validate social investment spending at the national level, by evaluating the return of investment in all of these expenses and granting fiscal exemptions from the 3% deficit target, so as to encourage less developed states to invest in their population.

More Erasmus-like projects that are conducive to creating broader EU-wide circulation of youth and workers with at least partial EU funding. Reports on the achievements of the Erasmus project point not only to its costs, but also to its fascinating efficacy in building a stronger EU identity among participants. This capacity has likely surpassed any other project that the EU has envisioned to construct a European identity. Projects of this sort need to be devised and be scaled up, to include more youth and expose them to the opportunities presented by the EU. Without them, the main public of these opportunities will continue to be the most affluent EU citizens, whose support for the EU is necessary, but not sufficient.

The 10-year strategies of the EU, most recently Europe2020, have been extremely ambitious, but the results have been mixed. While Western European countries reach most of their targets, CEE countries have mostly cherry-picked objectives, focusing on the fiscal and economic ones, while ignoring the social objectives. Part of the reason for this failure is the fact that these targets are associated with EU funding, but EU funding periods are 7 years in length, while the strategy is 10 years in length, thus introducing lack of coordination and capacity to plan to the already existing problems of capacity and political will. The **next 10-year strategy needs to be both coordinated with the funding period and to include clearer benchmarks for success**, potentially including even political stop-gap instruments by which the European Commission can sanction the obvious cherry-picking of objectives by member states. This can also include the consolidation of some social spending objectives and funding at a regional or EU-wide level, thus sharing responsibilities with the member states. ■

Around EU borders



Emmanuel Macron
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The nationalisation of EU enlargement. North Macedonia after yet another "no!"

By **Zoran Nechev** and **Ivan Nikolovski** | Skopje

In February 2018, the European Commission published its communiqué "A Credible Enlargement Perspective for and Enhanced EU Engagement with the Western Balkans". The document offered an incentive to the countries of the region, especially to those that are already in the negotiation process such as Montenegro and Serbia. It also offered a long-term vision for those countries wanting to join the EU by emphasising the rule of law, security and migration, socio-economic development, transport and energy, the digital market and reconciliation. However, since its publishing, no significant breakthrough in any of the six policy areas (flagship initiatives) has been achieved.

Nevertheless, continuity has been sustained with the new Commission. In the political guidelines[1] laid down by the president-elect of the European Commission, Ursula von der Leyen, the European perspective for the region is reaffirmed, while at the same time supporting a concrete proposal for further illuminating the European path of Albania and North Macedonia. However, while we wait to see how these guidelines are further implemented, the European Council missed the chance to prove that it is serious toward its partners and failed to reach a "clear and substantive decision"[2] on opening accession negotiations with Albania and North Macedonia at its October 2019 meeting. By doing so, the EU put at risk its credibility in the region and provided a space for the EU-sceptics' claims that the EU is not interested in the process of integrating the Western Balkans.

Positive anxiety in Skopje before the EU decision – or lack thereof

A decade has passed since the European Commission adopted its first recommendation to start accession negotiations with North Macedonia. The main reason why the country retained this status in the accession process for such a long time was the dispute with Greece over the usage of North Macedonia's constitutional name, at that time the Republic of Macedonia. In the light of the new developments – such as the Treaty on Friendship, Good-Neighbourliness and Cooperation with Bulgaria and the signing of the Prespa agreement on the name issue with Greece, as well as the initiation of the process of dismantling the state capture as assessed in the Commission's country report – in 2018 the government in Skopje had a realistic hope, for the first time since 2009, of expecting advancement to the next phase and initiating accession negotiation with the EU.[3] The government expectations were not met, although the Council did set out a path towards opening accession negotiations in June 2019. The impetus provided by the Council was conditioned by the Macedonian government's continued efforts in the reform processes and the ratification of the agreement with Greece. This decision did not discourage the government in Skopje from concluding the agreement; however, it gave a serious blow to the process and the two countries' publics (especially in Skopje) lost confidence in whether the name change was worth it. This attitude, especially from some sceptical countries, has seriously jeopardised the reconciliation process, which rarely happens in this part of Europe. Furthermore, what appeared to be a sustained position from some of the sceptical countries toward granting accession negotiations to North Macedonia, was actually the politicisation of EU accession policy, that is, a means for these parties to better position themselves for their domestic electorates before the 2019 European elections. An illustration that the accession process is increasingly being viewed through the lenses of member states' domestic considerations is France's political debate before the elections. The tactics to win the electorate by using the "no further enlargement" narrative proved to be a very weak selling point for the domestic audience as the Renaissance list of La République En Marche! won the same number of MEPs as the Rassemblement National.

Due to fear that a populist outcry would bring about negative public opinion and the subsequent politicisation of the Council's eventual positive decision, the publication of the country reports assessing the achievement made by candidate countries in the preceding year was moved from April 2019 (when it was originally planned) to the May following the European elections. This action significantly

1. Ursula von der Leyen, "Political Guidelines for the next European Commission 2019 -2024", 2019, https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission_en.pdf.
2. Council of the EU, "Council Conclusions on Enlargement and Stabilisation and Association Process", 18 June 2018, https://www.consilium.europa.eu/en/press/press-releases/2019/06/18/council-conclusions-on-enlargement-and-stabilisation-and-association-process/.
3. Council of the EU, "Council Conclusions on Enlargement and Stabilisation and Association Process", 26 June 2018, https://www.consilium.europa.eu/media/35863/st10555-en18.pdf.

shortened the time necessary for some member states such as Germany to push the decision through their national parliaments. Thus, the decision to open accession negotiations for North Macedonia (and Albania) was postponed from June's Council meeting to October, in contrast to its own decision to "set out the path towards opening accession negotiations in June 2019".[4]

The "us" (the EU) and "them" (the Western Balkans) story should be avoided at all costs, as it does not bring benefit to any of the parties. The EU's internal challenges cannot become the key criteria for further enlargement-related decisions, especially as the current candidate countries are far from actual accession. Alternatively, if we put this into accession terminology, it cannot be more about the "Union's capacity to absorb new members" instead of the accession countries" capacities to deliver on the Copenhagen criteria. We share the same values and vision for a United Europe. A recent case that had a negative effect on the operation and unity of the Union, the management of the migrant crisis, shows that the countries of the Western Balkans are in the same pot with the EU member states as they felt the benefits and consequences of EU policies.

Nevertheless, some examples of the nationalisation[5] of accession policy can prove beneficial. For one, the Western Balkan summits (the Berlin process) have facilitated and enhanced the accession process in some areas such as connectivity, reconciliation, bilateral issues and youth cooperation; however, at the same time, it resulted in increased integration with other Western Balkan countries regardless of their current status in the accession process. The benefit of the process is that it functions on the basis of a rotating presidency among the countries involved (EU member states and Western Balkan countries). This represents a unique opportunity, especially for different EU member states to assist their Western Balkan counterparts' EU integration with a focus on specific policy areas, while at the same time fulfilling their domestic agenda when it comes to enlargement. So far, the Berlin process has been hosted by Germany, Austria, France, Italy, the United Kingdom and Poland, while in 2020 it will be co-presided for the first time by an EU member state from the region (Bulgaria) and a Western Balkan country (North Macedonia). Another example of the "positive nationalisation" of the accession policy is when the domestic agenda of the EU member states fully complements the Copenhagen criteria. For instance, the Netherlands puts great emphasis on respect for the rule of law, human rights and gender equality, in its foreign policy in general and in the relations with the region in particular.[6] This is operationalised through the many grants provided by the Netherlands aimed at assisting the work of the region's public institutions and civil society organisations in improving standards and policies in these fields.

The new challenges

The 2019 Commission's report on North Macedonia[7] reveals that progress has been made; however, it is not irreversible. A positive outcome of the October 2019 European Council Summit would have rewarded the country for the efforts it has made in dismantling the state capture and its leadership in bringing forward the agreements with Bulgaria and Greece that contributed to peace and reconciliation in the SEE. Furthermore, opening accession negotiations would have: 1) enabled the country to continue on the path to implementing both agreements; 2) secured the implementation of domestic EU-related reforms that would profoundly transform the country; 3) provided long-term stability for the country along inter- and intra-ethnic lines, which is profoundly important as the settlement of the naming dispute has had a damaging effect on the internal cohesion of Macedonian society, predominantly among the ethnic Macedonian population, has significantly divided public opinion, and has raised a number of identity-related issues.

However, the only conclusion that the member-states could reach consensus on during the European Council's October 2019 meeting was that "the European Council will revert to the issue of enlargement before the EU-Western Balkans Summit in Zagreb in

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May 2020"[8]. Hence, the Council's decision not to grant accession negotiations to North Macedonia (and Albania) has the potential to seriously divert the country's and region's EU perspective.[9] Therefore, the greatest challenge for the country is to remain on the EU track of internal reforms and external reconciliation In a context in which the trust between the partners in this process is seriously damaged. Furthermore, France's insistence on deepening before widening could backfire; and in the case of North Macedonia the first "warning sign" is the snap elections scheduled for April 12, 2020. The pre-election period as well as the elections' outcome may overshadow the reform process and could halt progress vis-à-vis bilateral relations with Bulgaria and Greece.

Regardless of the European Council October 2019 conclusions, Skopje, Sofia, and Athens should continue cultivating their good neighbourliness.

Regardless of the European Council October 2019 conclusions, Skopje, Sofia, and Athens should continue cultivating their good neighbourliness. This especially applies to the work of the inter-governmental committees that cover the most sensitive parts of both agreements, that is, national history and identity. The governments in the three countries should prevent any attempt to politicise these committees' work, and should motivate the experts from all sides to solve the disputed issues in a professional and scientific manner. Moreover, the authorities in North Macedonia, Bulgaria, and Greece should refrain from using provocative and inflammatory language or blackmailing that may heat up public debate and impede the implementation of the agreements. However, the absence of accession negotiations may provide a fertile ground for increased tensions, such as the quarrel over the work of the Macedonian-Bulgarian committee,[10] issues deriving from the recently adopted Bulgarian framework position on EU accession of North Macedonia and Albania,[11] the possible trademark-based disagreements over the use of the name "Macedonia" with Greece[12] or the eventual suspension of the new constitutional name for internal use by North Macedonia.[13]

■

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Russian President Vladimir Putin and President of Turkey Recep Tayyip Erdogan
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Erdoğan's troubles mount as he falls hostage to Russian interests

By **Hamdi Firat Buyuk** | Sarajevo

Erdoğan's defeat in local elections signals his weakening in domestic politics, while Turkey is becoming Russia's political hostage in its foreign policy, as the Kremlin's hand strengthens.

In the latest local elections on 31 March, Turkish President Recep Tayyip Erdoğan faced a major defeat in an election for the first time in his 17-year-long rule. A second loss in Istanbul, to the unified opposition's joint candidate Ekrem İmamoğlu, struck another blow, but also made İmamoğlu a future candidate in the next presidential elections.

Since then, Erdoğan's problems have only multiplied. The economic crisis has deepened, and its effects – including a halt to growth, the unstoppable loss in value of the Turkish currency, high inflation and unemployment rates – are being felt by ordinary people. While the opposition parties consolidate their power, another major hit came from within his ruling Justice and Development Party (AKP), where senior politicians including former president Abdullah Gül, the former vice PM Ali Babacan and former premier Ahmet Davutoğlu left Erdoğan's party ranks and decided to pave their own ways.

By this, President Erdoğan has also lost his most important resource, namely support from the Turkish electorate, for his bold foreign policy manoeuvres in recent years. Once the West's trustworthy ally, the gatekeeper and base for its eastern flank, Turkey started to pivot towards Russia and Russian interest mostly because of ongoing military conflicts in the Middle East, the EU's decreasing normative power and Turkey's deteriorating relations with the West amidst Erdoğan's worsening record on human rights, democracy and the rule of law.

Turkey's purchase of Russian high-tech S-400 missile systems sparked tension all over the globe, since by doing so Turkey became the first NATO member country to own this superior Russian technology. The allies objected to the purchase by emphasising that Russia could now access NATO radar and servers operating on Turkish soil. However, this is just the tip of the iceberg. Russia's influence on Turkey runs well beyond the question of the missile systems. Russia is gaining increasing influence over the country's domestic politics, energy sector and economy, as well as its relations with the Western alliance, its involvement in the Middle East, the Balkans, the Black Sea and elsewhere.

Turkey started to pivot towards Russia and Russian interest mostly because of ongoing military conflicts in the Middle East

Playing with the Russian bear

President Erdoğan behaves as if he is trying to replace the West with Russia. Even the crisis caused by the downing of a Russian jet in 2015 was overcome in a short time thanks to the two countries' mutual interests. Also, whereas there is no possibility that the West would agree to the precautions which Erdoğan took after the failed coup attempt in 2016 (critics say that he has been using the events as an excuse to consolidate his power and diminish the opposition), in contrast to the West, Russia simply does not care.

Erdoğan's government has tried to show Turkey's citizens that relations with Russia are running well in every aspect. However, the relations between the two countries are mostly in favour of Russia. It is very hard to take something from the rampaging Russian bear without scratches and injuries. While Erdoğan has received hardly anything from Russia, Putin enjoys Erdoğan's generous compromises and offers.

Firstly, Turkey's purchase of the S-400 missiles did not shake only NATO. Other countries in the world which have good relations with the US have started considering the purchase of S-400s and other Russian weaponry, since they found the US's response weak, and feel encouraged to try something different. India has recently announced that it is interested in deploying S-400s, and several other countries in the Middle East have followed suit. This has given Russia a promotional boost which it could not have achieved alone – let alone the billions of euros paid by Turkey, in a deal considered by many as murky and overly

expensive. Moreover, Erdoğan's interest in obtaining Russian weaponry did not end with the purchase of the S-400s. As the two leaders announced at an arms fair in Russia, Turkey is now planning to deploy Russian fighter jets after the US kicked Turkey out of the F-35 fighter jet programme for deploying the S-400s.

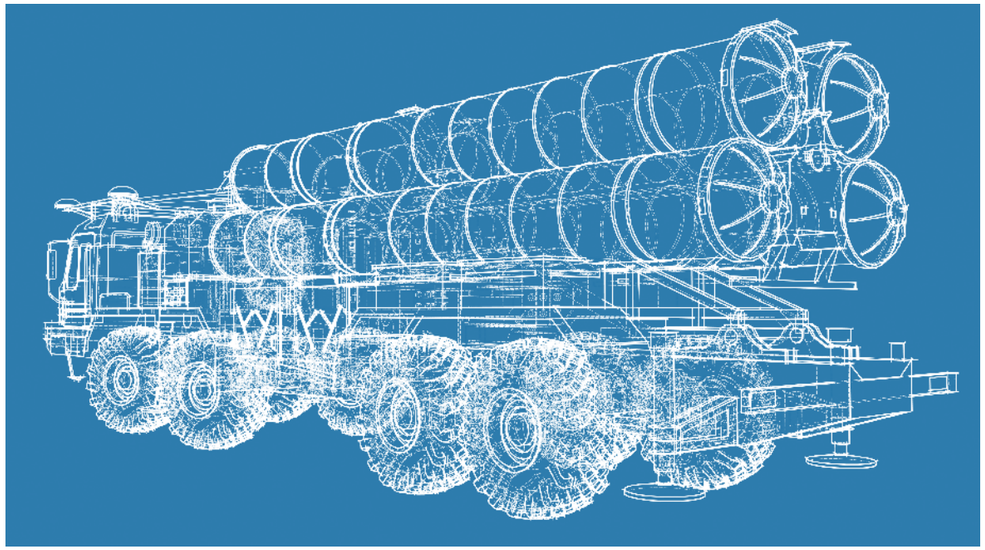
Secondly, Putin is strengthening his hand over energy in Turkey. Russian companies are building a controversial nuclear power plant at Akkuyu, Mersin, which will provide an important share of energy consumption for Turkey. This is strategic investment in a technology that is generally acknowledged to be outdated and harmful to the environment. Moreover, Ankara is interested in having another plant built after the one in Akkuyu. Putin has also created the Turkish Stream project, a pipeline which can serve as an alternative to Ukraine in order to send Russian gas to Europe. This will make the Russian energy market more stable while expanding Russian influence further. Countries in the Balkans and Central Europe are currently competing to be part of the new pipeline's route. Furthermore, according to claims which Erdoğan has not denied, Russia will take over the management of Mersin Port, which alone hosts nearly 10 per cent of Turkey's trading.

What has Erdoğan received in return for all of these concessions? The list is rather short. Erdoğan has been allowed to conduct several military operations in Northern Syria. The Turkish armed forces and Ankara-sponsored rebels control the north-western part of Syria, which has now become the final stronghold against the Assad regime. However, Assad's forces – which are supported by Russia – are advancing further north every day, and there is now a risk that Turkish and Syrian-regime forces will clash in the field. Russian military police have started to guard Turkish army posts in northern Syria in order to prevent the two coming head-to-head. In Syria, Turkey's hand is weakening, and Turkish soldiers are also at risk of being caught in a trap. Turkey's success and presence in Syria depend on Russia's goodwill. Furthermore, the advance of the Syrian regime's forces (as well as Turkish ones) have caused another wave of refugees, hundreds of thousands of whom are now waiting on the borders.

Becoming Russia's hostage

Russia's gains are not limited only to those already discussed. Turkey and Russia have positioned themselves in different camps for decades, and they still have many disagreements over international issues and foreign policy priorities. In this vein, Moscow now scores strategic points over Ankara, its own position and that of its proxies consolidate, whereas Turkey bears all the negative consequences and by avoiding to do anything against Russian interest, it becomes a political hostage of Russia.

In the Black Sea. Turkey had always paid attention to the Crimean Tatars because of historical connections and its own large Crimean Tatar populations. When Russia annexed Crimea, the Tatars were one of the groups that suffered, community leaders were arrested and the rights of the peninsula's historic minority were seriously violated. Turkey, on the other hand, tried not to anger Russia and kept its voice very quiet on the issue, unlike its previous stance. Furthermore, although a NATO member country, Turkey has not been meeting its responsibilities in the Black Sea, even though it is the littoral countries which will be the first to feel Russia's strong hand, if something should happen. Turkey does not fully participate in patrols in the Black Sea; also, the size and effectiveness of the Turkish forces were seriously damaged after the failed coup attempt in 2016. The Erdoğan government fired many army officers, including the majority of those serving in NATO. Turkey cannot find officers who know the NATO alliance or have strategic planning skills and, even more importantly, speak foreign languages. In a final attempt to fill the empty places, the Turkish government changed its regulations and abolished the requirement of knowing a foreign language for becoming an attaché.



Mobile surface-to-air missile system, launch vehicle
© Photo by Shuripusta on Shutterstock

In short, Ankara currently does not (or cannot) implement Turkey's historically Western-oriented state policies. If it does anything against Russia's will, Moscow can strike back with means which Ankara cannot resist and Erdoğan is not in a position to use the EU and the US as counterweights, because he has lost his credibility and cogency in the eyes of the Western world.

Turkey's loneliness under Erdoğan's rule has become even more obvious after Turkey's Operation Peace Spring against the Kurdish militants in North-East Syria. Following Trump's sudden decision to withdraw from Syria and Turkey's operation, the Western world criticised Turkey's move, regardless of security concerns and Ankara's attempts at justifying the military operation. The vote in the US Congress on October 29 to place new sanctions on top Turkish statesmen also showed how angry US lawmakers were at Erdogan: 403 voted for the sanctions and only 16 voted against.

From Ankara's perspective, it may be hard to accept that the Kurdish militants were seen as a more valuable partner than Turkey, which is still a NATO member and hosts several NATO military bases. Therefore, Turkey sought to side with Russia and create a safe zone in Syria.

Weaponising Syrian refugees

As a result of its deep involvement in the Middle Eastern conflicts, Turkey is now hosting more than 4 million refugees (3.6 million of whom are Syrians). Amidst developments in Syria, a new refugee wave is about to hit Turkey, estimated at a million people. However, Turkish politics, economy and more importantly society cannot handle any more immigrants. Erdoğan is well aware of this and acts against refugees in order to calm the electorate. He also has to do this because of the alliance with nationalist parties which he established before the presidential elections.

The Turkish government has started saying that the borders will be opened for those who want to go to Europe. This threat is heard loudly in European capitals, as well as in the small Western Balkan nations. Erdoğan wants to show that Turkey is still an important partner and that Europe cannot do without him so easily. However, these threats could be the last card which Erdoğan has left to play; that is why he will not lose it by opening the borders.

Erdoğan has asked the EU to fulfil its promises, especially regarding financial aid. It should be noted that the EU's policy toward the refugee crisis has been a failure. The EU did not meet its financial commitments and did not take in as many of the refugees as had been agreed.

It is unlikely that Erdoğan actually will open the borders, as he has threatened several times. However, it should be remembered that even decreasing security on the borders could cause a disaster. Erdoğan and his associates know very well that this is the nightmare of Europe, and so they will continue to use this at all times he deems it appropriate. Relations between the EU and Turkey cannot improve as long as Erdoğan's current authoritarian regime continues – something which looks likely, as it has been consolidated by the new executive presidential system in which there are no checks and balances. However, Turkey and Europe are also unable to abandon each other so easily. The current rapprochement with Russia has harmed Turkey's relations with NATO and the US; the recent deployment of S-400s in particular has forced the US to rethink everything in its relationship with Turkey. Restoring trust in their mutual relations will require a long time and present a wide range of challenges.

Erdoğan's loss in the local elections and his decreasing popularity may lead to further radicalisation in Turkey's international politics, since Erdoğan might use international crises as a tool to boost his fledgling popularity at home. He has done this several times already, and now he may do so again, since he has never been so close to the edge of the abyss. The recent Turkish military operation against the outlawed Kurdistan Workers' Party's Syria branch Syrian Democratic Forces in Northern Syria is proof that Erdoğan might be thinking of a massive military campaign to address security concerns as well as for consolidating his electorate at home.

When you dance with a bear, only the bear can decide when the dance will end.

Turkey has been increasingly integrated with the West since the fall of the Ottoman Empire. The new Turkish Republic designed all its political, economic, security, educational and other institutions on the basis of this engagement. Therefore, Turkey's institutions and also an important part of its society do not understand or accept Erdoğan's short-term, pragmatic and badly-planned policies. Turkey has previously gone through turbulent times with the West and used the East as an alternative, as it did during the Cyprus crisis in 1974. However, the balance between the two was never upset. Nevertheless, this time it seems that Erdoğan may tip the scales. Additionally, rather than the country's institutions and parliament, it is Erdoğan and his close associates, including his family members, who are the only decision makers, something which makes the country's decisions more and more unpredictable.

In conclusion, Erdoğan's rapprochement with Russia is a dangerous game which has limited the Turkish leader's manoeuvres, not only in international politics, but also domestically. One should always keep the famous Russian saying in mind: when you dance with a bear, only the bear can decide when the dance will end. Even the country's historical state policies and alignments are at risk. The last local elections showed the world that the Turkish people's demands for democracy, freedom and the country's historical position in the Western world are still very much alive, and there is still hope. However, even if Erdoğan should continue to lose at home and around the world, the price will be paid by the Turkish people, as well as the ones who succeed him.

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Turkey and Russia are bound to fall out of love in Syria

By **Ana Maria Luca** | Bucharest

When the Syrians took to the streets in 2011 after the Tunisian, Egyptian and Libyan uprisings, surprisingly for the outsider, the Kurds did not immediately join in. There were some protests here and there, but nothing was politically coordinated. There was also no outreach to the rest of the Syrians protesting in Daraa, Homs or Idlib.

The Kurds were obviously on their own and that's exactly how they remain to this day. They're a huge ethnic group spread across three countries, a group that can pose at any point a risk to regional security. Until the US withdrawal, the alliance with Washington promised some degree of stability in the region, given the negotiations for an autonomous region in North-East Syria copying the model of Iraqi Kurdistan.

It is not just Trump's fault, having allowed Turkey's strongman Recep Tayyip Erdogan to enter Syria. It was a series of historical betrayals, a regional spiderweb of rival political interests and little care for human lives, and also lack of vision and understanding of the Middle East in Western chanceries faced with Russian ambitions of world power that allowed the Syrian conflict to drag on for almost nine years now and lead to absolute disaster across the region, from Iraq to Lebanon.

To explain the crisis in the Middle East one should not only look at Donald Trump and his displayed lack of understanding and care for what happens outside America.

One could also look at Erdogan's lack of vision for his country's role in the region. Turkey has played for almost a decade now on the appearance of being a stabilising force in the Syrian crisis. Erdogan's envoys portrayed Turkey as the regional power that fought against an autocratic regime in Syria, which supported a rebellion against a government that killed hundreds of thousands of its own people and which fostered millions of refugees.

Ankara's involvement on the side of the Muslim Brotherhood was one of the factors that led, over a few months, to turning the Syrian crisis into a sectarian conflict.

But the Turkish double-edged involvement in the Syrian crisis without a clear cut strategy has been from the beginning one of the destabilising factors that allowed the revolt against Bashar Al-Assad to become a sectarian war that gave way to new global threats whose evolution would remain unpredictable.

October's invasion of North-East Syria was just one example of Turkish foreign policy forged on the go, based on the fear of losing electoral support rather than on a long-term strategy to deter the Kurds and control the war in a neighbouring country. In this sense, Turkey's lack of coordination on the Syrian crisis was as toxic as Iran's calculated strategy and its use of proxies.

The Kurds in Syria

In 2011, a few months after the Syrians rebelled against the government in Damascus, Kurdish anti-Assad activists explain their lack of support for the anti-Assad protests by their history of betrayal with the Arabs. The "us, Kurds vs them, Arabs" discourse was striking, and for many it was surprising, given the fact that the Kurds had been for decades at odds with the government in Damascus, and tensions had spiked in 2004, when the security forces violently cracked down on a revolt in Qamishly.

Before the 2011 Syrian uprising and the war that followed, there were around 400,000 Kurds in Syria, making up around 10 percent of the population. During a census in 1962, the Damascus government required all Kurds in the north-eastern area to provide documents that they had been living in Syria since 1920. Those who could provide all the documents, rather few, were given Syrian citizenship. About half of them, who could not provide all the required documents, were given a permanent residency permit and were known as ajanib, or foreigners. The rest, who could not provide written proof that their family resided in the area since 1920, remained unregistered and were called maktoum, people without a country.

After 1963, when the Baath party came to power, the Syrian government banned Kurds from registering children with Kurdish names, the Kurdish language was banned in schools, Kurdish holidays and political parties were also banned, and shopkeepers were threatened with closure if they displayed Kurdish signs in their stores.

The Kurds rebelled against the Assad regime in 2004 in Qamishli, but the Syrian government crushed their uprising, 30 people were killed and another 100 wounded in the crackdown. They received no support at that time from fellow Arab communities, including the Sunnis. After decades-long state oppression of the Kurdish minority under the Assad government and suppression of their statehood aspirations throughout the region, Arab nationalism, which was the official ideology of the government in Damascus, had done its job and had turned the Sunni Arabs against the Kurds.

In one of the few books addressing the matter of sectarian politics in Hafez al Assad's Syria Nikolaos van Dam describes how the Syrian leader managed to stay in power much longer than any other leader – from 1971 to 2000 – by playing on sectarian, regional and tribal loyalties and by promoting certain members of the most important minorities, including Christians and Sunnis, to the political elite.

But at the root of Kurds' hesitation to get involved in the uprising against Bashar al-Assad in 2011 was not only this history of mistrust, but also Turkey's political involvement in supporting certain Syrian opposition groups.

When the Syrian uprising began in 2011, Ankara shifted its foreign policy in the region: from a "zero problems with the neighbours" policy, to a policy of active – and at times controversial - involvement. It is not difficult to understand why Erdogan chose to act this way. Iran and Saudi Arabia had been competing for regional hegemony through political proxies, and their strategy had proven more effective than the Turkish one in consolidating their influence.

What Turkey did in Syria was to try to set up proxy groups that would later allow it to influence its neighbour. To this end, Erdogan chose the Syrian Muslim Brotherhood.

Thus, Turkey played an important role in shaping the Syrian uprising as a "Sunni Islamist revolution", rather than a general revolt against the Assad government.

Syrian intellectuals in Beirut and European capitals were at the time explaining that they wanted a pan-Syrian revolt, regardless of sect and ethnicity. They stated that they wanted democracy in Syria, that the protests were directed at a government they were aware had turned minorities against each other, at a police state that imprisoned or killed anyone who demanded rights, a corrupt government that favored nepotism.

Pro Kurdish government supporters demonstrate their anger at President Trumps decisions to withdraw support for their cause and allow Turkish forces to invade Syria
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At peace conferences in Istanbul or Geneva, Turkey seemed to support the Syrian opposition and militated, alongside Qatar, for ousting Bashar al-Assad.

What Erdogan in fact did was to give shelter and support to the Syrian Muslim Brotherhood, to boost its importance within the Syrian opposition coalition and its presence at international negotiations and roundtables. The organisation would have been his proxy in Syria. Muslim Brothers in Istanbul spoke to foreign journalists and diplomats about how they dreamt of a Turkish-inspired system in Syria.

Turkey's political and financial support for the Muslim Brotherhood allowed the group to monopolise the communication of the political groups in exile with the outside world. It also allowed the Brotherhood to reach out to people on the ground through mosques, through humanitarian aid and to switch the focus from a political uprising militating for citizen rights, to a Sunni uprising.

While this gave hope at the time to Erdogan that Turkey, besides being one of the strong economies in the region, would become a regional hegemon, it also created divisions within the Syrian opposition and it weakened it. His strategy eventually led to many exiled pro-democracy Syrians to back down and stay away. It doesn't mean that Turkey wanted to necessarily

terminate these voices, or that, without Ankara's support to the Brotherhood, Syria would have become a democratic country. But Ankara certainly contributed to a series of unfortunate events that led to more bloodshed on the ground.

It was understandable why Turkey backed the Muslim Brotherhood: Erdogan himself was a disciple of Necmettin Erbakan, the father of Islamism in Turkey. Ankara's involvement on the side of the Brotherhood was one of the factors that led, over a few months, to turning the Syrian crisis into a sectarian conflict. (Another important factor was Iran's presence in Iraq and Lebanon and Tehran's struggle to keep the Syrian road open for weapons and money to pass through for Hezbollah. Hezbollah's interference in the Syrian conflict, covert until 2013, when Hassan Nasrallah openly admitted it, settled the fate of the conflict exporting the Lebanese Sunni-Shiite strife to the neighbouring country.)

But shaping the Syrian uprising as a Sunni "revolution" and making political Islam the movement's most prominent feature, came at a time when Egyptian president Mohammad Morsi, who rose from within the ranks of the Egyptian Brotherhood after the Arab Spring and was democratically elected, was facing large protests over authoritarian tendencies under his rule and human rights concerns.

The international community had already learned that democratic elections could also lead to a less democratic government and, after the failure of the Arab Spring in Egypt and especially Libya, Western decision-makers feared the rise of political Islam.

Meanwhile, Damascus, supported by Moscow, was seeking to cast the revolt in Syria as an Islamist one in the eyes of the international community, and Turkey's actions helped sow doubts and hesitation in the Western chanceries. Later on, the emergence of the Islamic State and the Al Qaida-linked Al-Nusra Front was providential for this narrative. Thus, Damascus allowed the Islamic State to gain traction by avoiding to bomb its positions in order to portray Assad as a guarantor of stability in the region.

But Turkey also played a role in the rise of the Islamic State and the fact that it spiraled out of control in a very short time. By the

time Ankara decided to get involved in the war on the ground, in 2015 and 2016, the Islamic State was already the biggest threat.

Washington had hard choices to make

In 2014, the then Islamic State of Iraq and the Levant (ISIS) took over Mosul and advanced in Syria and Iraq. Its territorial expansion lasted until they reached Kobane, a Kurdish city on the border between Syria and Turkey. The Kurds of the People's Defense Units (YPG) – the armed wing of the Democratic Union Party (PYD), the dominant Kurdish faction in Syria - were surrounded by better equipped jihadists, but lasted for four months and managed to push ISIS back.

It was a huge victory for the Kurdish militias: as the Sunnis and the Shiites in Syria and the region were fighting, the Kurds had found a way to put their aspirations for an autonomous region in north-eastern Syria on the table.

In practice, the Kurdish militias were practically the only local force honestly battling ISIS. Assad's state army was using ISIS to associate all the Syrian opposition militias with it, labeling everybody a jihadist and using this as an excuse to bomb regions in Idlib or Aleppo where ISIS was not present. For the first six months of its intervention in Syria, Russia itself bombed opposition-controlled areas a lot more than it did ISIS-controlled areas.

Until 2015, Turkey did not fight ISIS either, because it just could not choose to support the YPG, seen as an offshoot of the PKK (whether it was or it wasn't, it definitely had the unity of the Kurds everywhere as a goal).

The militias' advance against ISIS made it hard for the US to ignore the Kurds' effectiveness on the battlefield. Washington had worked at first with moderate Syrian rebel groups and invested millions of dollars to train a force to fight ISIS in Syria. But loyalties shifted and most groups disintegrated on the ground. Turkey offered an alternative ally: its Free Syrian Army, a force it had trained and paid through government funds. But the group was quite a diverse gathering of fighters, including Muslim Brotherhood supporters, Salafists and jihadists, some of whom actually defected to ISIS together with US-donated equipment. Additionally, their lack of training would have required US troops on the ground.

For the US, the Syrian Kurds were never the ideal ally, given their alleged links to the PKK, listed as a terrorist organisation since 1997. But they were the only choice against ISIS in Syria.

"With no public appetite for a full-scale U.S. ground invasion, we were forced to look elsewhere," Joseph Votel, former commander of U.S. Central Command (CENTCOM) from March 2016 to March 2019, recently wrote in the Atlantic. The Kurds were much more reliable ideologically, especially because they fought united by the same autonomy/statehood aspirations.

Turkey stood aside at first, willing to intervene only on its own terms: to fight both ISIS and the PKK/YPG. In fact, it was rather pleased with allowing ISIS to first eliminate its Kurdish enemies. Jihadists were also Sunnis and were battling the Kurds, so Turkey turned a blind eye hoping the jihadists would eliminate the YPG without giving Ankara a headache.

Faced with the rise of a force like the Islamic State in Northern Iraq and Syria, Washington stepped in, in September 2014, to bomb jihadist positions, but it coordinated with a ground counteroffensive of the YPG. By January 2015 the Kurds were completely in control of Kobane.

For the US, the Syrian Kurds were never the ideal ally, given their alleged links to the PKK, listed as a terrorist organisation since 1997. But they were the only choice against ISIS in Syria, just as the Shiite militias backed by Iran, like Asa'ib Ahl al-Haq or the Badr militia – which had bombed US troops during the Iraq war - were some of the very few choices to help fight ISIS in Iraq. Without the Kurds, Trump alone could not have declared victory against the Islamic state, as Votel put it.

Ankara's regional power games

Erdogan was not at all at peace with Washington's choice of allies. At the end of July 2015, Turkey launched a massive air offensive against the Kurdistan Workers' Party (PKK), hours after it had agreed to let the United States to use its airbases to strike against ISIS in Syria. The Turkish military reportedly only gave a mere 10-minute notice before striking the PKK in the mountains of northern Iraq, calling the move "a synchronised war on terror".

Domestically, in 2015, Erdogan's political prospects were quite similar to those in 2019: he was looking to bolster his party's popularity after the first hung parliament resulted from a general election. Therefore, Ankara was less concerned about ISIS, and more worried about the recent success of the Kurdish Democratic Union Party (PYD) and its People's Protection Units (YPG) militia in Syria.

In 2015 negotiations with Barack Obama, as in 2019, Erdogan wanted a buffer zone in Syria, a 90-kilometer zone starting from Jarablous and the Syrian Kurdish region to Azaz. The zone was to be free of ISIS, but also free of Kurds, especially the PYD. In 2015, however, Erdogan also asked for regime change in Syria. In 2019, he was only concerned about the Kurds.

In fact, the PKK militants struck first. On July 22, 2015 the group assassinated two Turkish officers in the town of Ceylanpinar in southeastern Turkey, in retaliation for a suicide bombing that killed 34 Kurds in Suruç, a town in the same region. The suicide bomber was a Turkish student who'd been in contact with ISIS. A series of violent incidents between PKK militants and the Turkish military followed and the PKK even declared an autonomous region in Turkey's Dersim Province.

Adopting a hardline stance on the Kurdish issue usually does bring the Turkish AKP some of the nationalist votes. But in 2015, the move was short-lived. It was only meant to send a message to the PKK to stop pursuing a radical agenda. In 2019, Erdogan's intentions were not so short-term.

The US stance in the Middle East has always been a gamechanger. In 2015, the Obama administration was not at all inclined to turn a blind eye to Turkey's reckoning with the Kurdish nationalists by any means. At the time, the US presence acting as a force that kept Ankara from directly attacking, the PKK prevented unrest in Turkey, but it was quite clear that Erdogan would move his operations into Syria next, into the de facto Kurdish autonomous region. It was also clear that North-East Syria was a powder keg and that Ankara was going to sooner or later aim at the PYD.

But Erdogan could not make that move with US troops on the ground. Turkey and the Free Syrian Army (FSA) that it had trained and whose members were on the Turkish government payroll started Operation Euphrates Shield in 2016 to push the Islamic State from Jarablus to Manbij and then to the Euphrates River. Despite US troops wanting to cooperate with a NATO ally, the Turkish-backed FSA fighters chased them away calling them "crusaders".

It took another three years, for Trump to arrive at the White House and Erdogan to lose local elections in Turkey's main city, Istanbul, for the latter to launch an offensive in North-East Syria against the Kurds. This happened despite the fact that, on the ground, the US forces and Turkey had finally negotiated a deal to establish joint patrols inside a safe zone in Syria.

The Kremlin is no peacemaker. Its strategy is to freeze conflicts rather than resolve them, and use the perennial instability in its favour. When Moscow brings troops on the ground, it does not work on development and it doesn't help build institutions to create a sustainable democracy where minority rights are respected.

For the moment, Turkey's position as a buffer in the context of the migration crisis and also a NATO ally remains important for keeping the status quo in the Middle East and refugees away from Europe's shores. Despite the large-scale human rights abuses after the failed coup against Erdogan in 2016, Western countries, including the US and the EU, have tolerated the harsh crackdown on opposition forces, for the sake of keeping stability in the region and the Syrian refugees on Turkish territory.

The EU's strategy to externalise the so-called "migration crisis" to Turkey in exchange for development funds has now backfired: maybe it did keep Syrian refugees from crossing the seas to Europe, but Brussels is now totally powerless in the face of Erdogan's moves and he is not ashamed to say it out loud.

Enter Russia?

Sure, said Vladimir Putin. Why not? Since the beginning of the Syrian conflict, the West has been unsure whether to back one side or another in Syria or how much to back any. The Kremlin has never had any doubts and backed the government in all international fora. Towards the end of 2015, Russia announced it was getting involved militarily in Syria to bomb the Islamic State. Only, together with the government in Damascus, it bombed the region of Idlib first, where the Islamic State was nowhere to be seen. Nevermind, they are all Islamist terrorists, said the Kremlin.

Meanwhile, it was the Kurds who managed to keep the Islamic State at bay, while in Iraq, the state army and the Popular Mobilisation Forces, mostly Shiite militias backed by Iran, did the job.

Until recently, when Donald Trump claimed he wanted to avoid Washington being sucked into another "endless Middle East war" and made the deal with Erdogan, the Kurds were hopeful of autonomy, thinking that the US would support their plight after having fought the jihadists together. They were also hopeful of an Iraqi Kurdistan scenario, and the US was contemplating the possibility of a reasonably stable region in Syria.

Until 2015 they were shooting down each other's fighter jets over Syria, but Ankara and Moscow became friends in the meantime, especially after the 2016 failed coup against Erdogan. Erdogan had some serious human rights problems after the extensive post-coup purges and the US and the EU were not happy with that, while Putin understood completely.

Turkey and Russia made a deal in mid-October 2019 for joint control of territory in Syria which was formerly held by Kurdish forces. Russia had also mediated a deal between the Kurdish forces and the Assad government. It currently has troops on the ground and acts like the guarantor of a ceasefire and power-broker between the Kurdish militias and Turkey.

For the Middle East, a power broker like Russia getting involved in Syria is bad news and that is largely Erdogan's fault. Russian bombers arrived in Syria to support Assad and bomb the rebels, no matter who they were, but they only became kingmaker this October with help from Trump and Erdogan.

Indeed, the US has made many mistakes in the Middle East. But the Kremlin is no peacemaker. Its strategy is to freeze conflicts rather than resolve them, and use the perennial instability in its favour. When Moscow brings troops on the ground, it does not work on development, it doesn't bring in billions of dollars in aid, it doesn't develop civil society and it doesn't help build institutions to create a sustainable democracy where minority rights are respected. Moscow keeps autocrats in power and Putin likes them secular.

Erdogan is not secular and does not support secularism in Syria. Turkey and Russia are bound to fall out of love at some point in the not so distant future, despite becoming pragmatic allies based on the temporary state of affairs in Turkey and the region.

Erdogan still funds Islamists on the ground in Syria – the Free Syrian Army, which has been accused of committing atrocities against the Kurds and hostile acts against allied US troops. Moscow knows it.

Meanwhile, Russia backs Assad and has just brokered an alliance between Damascus and the Kurds. Assad himself still sees Erdogan as a supporter of Islamism and so do the Kurdish militants. But if Assad will allow the Kurds autonomy in exchange for their support against the Islamist brigades sponsored by Turkey remains to be seen.

Many feared that the US completely leaving the stage would crack the door open for Russia to become indispensable for the stability and the balance of power in the Middle East. The reality, however, is that Russia does not have a plan for the Middle East and looking at the way it shapes its foreign policy, it does not all the time make the immediately obvious rational choices. What motivates the Kremlin is simply to embarrass America. It watches and waits for it to make mistakes, so it can exploit its failures and capitalise on Trump's blunders to boost its own image as a world power. So far, it has worked.

But it will not work in the interest of peace in Syria – a problem still no one seems to care or know how to solve.

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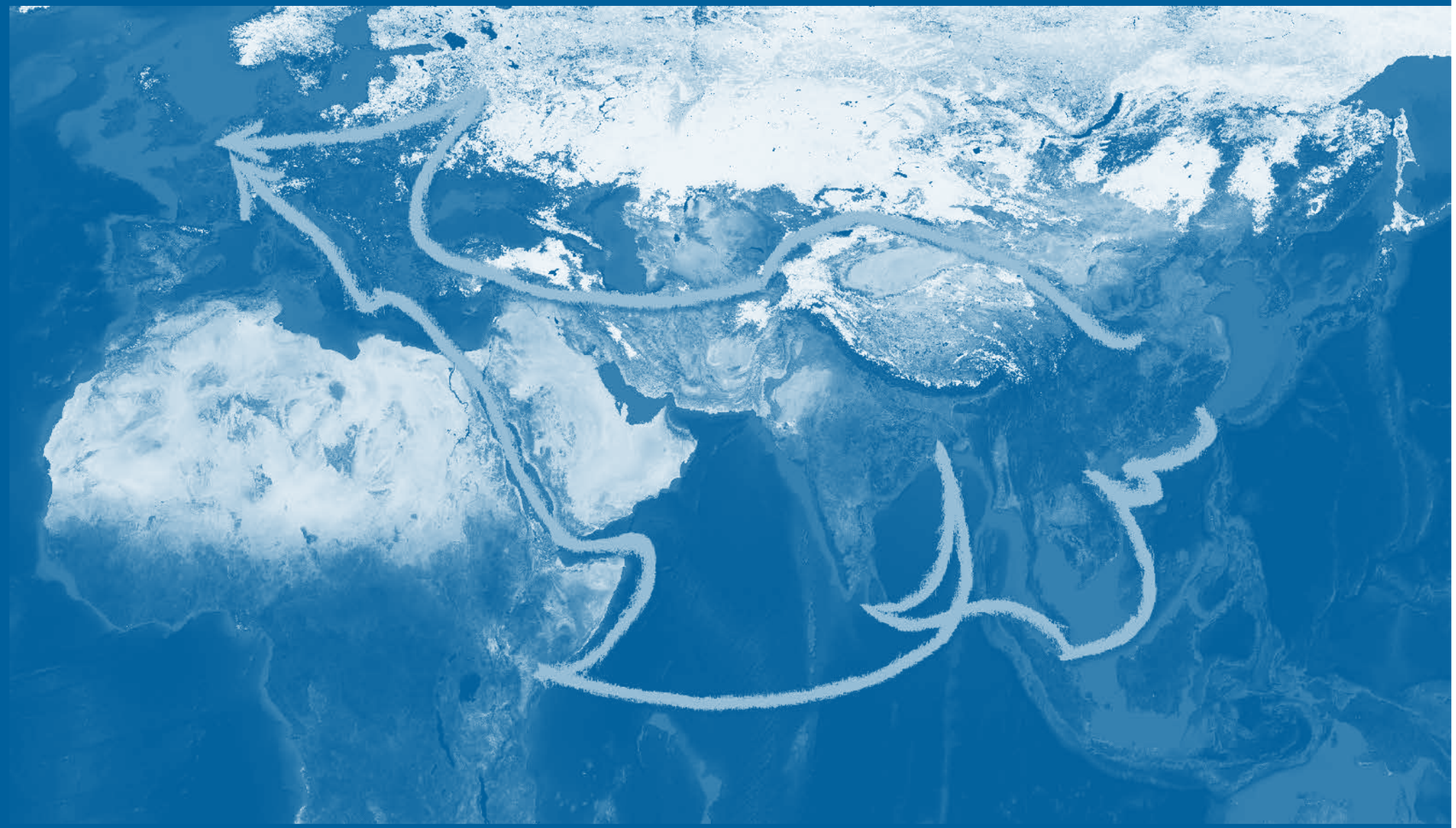

The changing global order

Interview Bobo Lo, Associate Research Fellow
at the French Institute of International Relations (IFRI), Paris.

The Sino-Russian "axis" is a partnership of strategic convenience, not an authoritarian alliance

We are to some extent familiar with the Russian threat. But how should we understand the rising Chinese challenge? What are the differences between the Russian and the Chinese behaviour?

The relationship between Beijing and Moscow is very good, probably the best it has ever been, with expanding military, economic, political, and cultural cooperation. Although their partnership is increasingly unequal – Russia needs China more than the other way around – it is of mutual benefit. Furthermore, the deterioration in their respective relations with the United States makes it especially valuable to both sides.

Chinese president Xi Jinping welcomes Russian President Vladimir Putin in G20 summit in Hangzhou
© Photo by plavevski on Shutterstock

Beijing and Moscow are often said to have very similar world views. Yet their perspectives, interests, and priorities can differ substantially. For example, Beijing appreciates many aspects of the existing international system and Western-style globalisation. This is hardly surprising given that China has been the prime beneficiary of both over the past 30 years. During this period, more than 800 million Chinese have raised themselves out of poverty. The socio-economic transformation has been extraordinary, and China has benefited enormously from opening itself up to the world, and to US and European trade and investment in particular.

Moscow sees the current system as the embodiment of the West's victory in the Cold War and Russia's humiliation. It seeks a return to a great power-centred order, a version of the 19th century Concert of Europe.

Beijing wants to preserve the existing international order, but also to "reform" it so as to enhance China's influence and status within the system. That means, among other things, preventing the West from "interfering" in China's internal affairs; gaining support for Beijing's positions on Hong Kong and Taiwan; obtaining larger voting shares in the IMF and World Bank; and ensuring that others treat it as the de facto equal of the United States.

Moscow believes that the post-Cold War international system has done nothing for Russia. In the 1990s, it suffered from acute internal instability and lost much of its empire. Moscow sees the current system as the embodiment of the West's victory in the Cold War and Russia's humiliation. It seeks a return to a great power-centred order, an updated version of the 19th century Concert of Europe. What it really wants is a Yalta-II, a world shaped by the Big Three, where Russia holds the balance between the United States and China.

To sum up, China still believes it can work within the post-Cold War international system, for all the latter's imperfections, whereas Russia wants to get rid of it altogether. If a new world order is to emerge, then for Beijing this would centre on the US-China relationship. Although second-tier powers (Russia, EU, India, Japan) and multilateral institutions would play important roles, it is the interaction between Washington and Beijing that would be key.

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Is Russia ready to embrace the East and go beyond its Western-centrism? Should we read more into the Russian-Chinese exercises – the beginning of a strategic alignment ready to probe the American-centric liberal order? To a certain degree, they display some similar traits: they both embarked on revisionist projects in their immediate abroad in South China & Azov Seas, they are both energised by a powerful rhetoric of humiliation, they both built advanced military arsenals increasingly designed to keep the West at bay.

The notion of a Sino-Russian authoritarian alliance has become accepted wisdom, particularly in the United States. There is much talk of strategic coordination, whereby Russia supports China in the Asia-Pacific, while China backs Russia in the Black Sea, Baltic Sea, and in the Middle East. I see things differently. This is a partnership of strategic convenience, not an authoritarian alliance. China and Russia are individual actors with their own agendas. Sometimes their interests converge, but at other times they do not.

It is important to draw a distinction between Chinese and Russian behaviour in the international arena. At one level, this can almost be summarised in two words: body count. Chinese actions in the South China Sea have certainly been aggressive. They have militarised the disputed islands despite previously undertaking not to do so. They have interfered on several occasions with freedom of navigation. And Beijing has also dismissed the ruling of the International Court of Arbitration in The Hague.

On the other hand, how many people have been killed as a result of Chinese actions? None, as far as I know. Compare this to the Russian intervention in Ukraine, which has led to more than 13,000 deaths to date. We are talking about completely different types of behaviour. Which of these two powers has caused the most disruption through its actions? Clearly Russia. How many wars has it fought since the end of the Cold War? The first Chechen war, the second Chechen war, the invasion of Georgia, the annexation of Crimea, the Syrian war, the Donbass intervention. China, in stark contrast, has not fought a war since 1979.

There is an interesting debate going on in Romania as the Chinese want to invest in some strategic sectors – particularly infrastructure or energy. Should we fear Chinese intentions?

Let's take the Belt and Road Initiative. There are two points to remember. The Chinese embark on investment projects not out of charity or good will, but because they see them as being in their commercial and political interest. People should not be deceived by the expression, "win-win". A friend of mine once told me about a conversation he had had with China's WTO chief negotiator some years ago. When my friend mentioned the notion of "win-win", the negotiator replied that such an outcome merely meant that "you haven't negotiated hard enough"!

The other thing – and this is evident with the 17+1 framework – is that the Chinese often talk a big game without necessarily following up with concrete projects and real funding. I would advise any country dealing with the Chinese to be open to investment proposals, but also to exercise due diligence and follow up. One shouldn't confuse flattery for serious intent, although the Chinese are skilful in blurring the lines.

Incidentally, they have handled Vladimir Putin brilliantly. Everyone knows that Russia is the weaker partner in the bilateral partnership, but the Chinese are careful not to rub this in. Instead, they emphasise that Russia is a great power, and that the relationship is the best they have ever had. Beijing understands that flattery can make life a lot easier.

Chinese often talk a big game without necessarily following up with concrete projects and real funding.

You have emphasised that we are entering a post-American era. Has the US lost its faith in the liberal international order? Is this something structural even beyond Donald Trump?

This remains an open question. If Trump is re-elected in November 2020, then the liberal international order, or what's left of it, will be dead in the water. That said, I am not convinced that the liberal order is recoverable even if Trump gives way to a Democrat or a more or less centrist Republican. It will take much more than just having a US president whose name is not Donald Trump. We all need to do more, not only in the United States, but also in Europe. For example, until the Europeans get serious about hard security and not just soft power, the transatlantic relationship is only going one way – down.

Is Europe in its current state – fragmented, polarised – ready for a world where the return of great power competition is becoming the new normal?

For all the talk about geopolitical rivalries, the great powers have rarely been weaker in their ability to impose their will on the world.

Here is another paradox. For all the talk about geopolitical rivalries, the great powers have rarely been weaker in their ability to impose their will on the world. The United States, the greatest power in history, is losing a 20-year war against one of the most backward countries on the planet (Afghanistan). It is similarly impotent with North Korea. Or take Russia in Ukraine. It has annexed Crimea and invaded the Donbass, but has it strengthened its position vis-à-vis Kyiv? The opposite is true. Putin has united Ukrainians against Russia. He has strengthened Ukrainian national identity and consciousness. Operationally, Putin may have been successful, but strategically Russia has lost out.

The problems of the contemporary world – climate change, global poverty, the proliferation of weapons of mass destruction (WMD), cyber-interference, terrorism – are so wide-ranging that they are not soluble by a single great power or a "Concert" of great powers (such as a Yalta-II). We live in a vastly more complex and interconnected world than in 1945. The Kissingerian vision of great power accommodation is thoroughly anachronistic. In the 21st century, small states, non-state actors, and international organisations have vital roles to play.

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The cognitive dissonance at the core of US foreign policy helps Putin

Professionals like Fiona Hill and Wess Mitchell have tried to maintain a functional foreign policy. Over the past three years, however, Trump has developed more self-confidence and steadily cut loose the "adults in the room".

There are in effect two Russia policies in the United States. Trump himself never says anything critical about Putin. But his administration has conducted a much tougher Russia policy than the Obama administration. Putin realises that he cannot rely on Trump to deliver real concessions. But Trump is still useful to him as a disruptor of the transatlantic alliance, and in helping to discredit "the West" and the liberal values that are supposed to underpin it.

Bobo Lo was previously Head of the Russia and Eurasia Programme at Chatham House and Deputy Head of Mission at the Australian Embassy in Moscow. He has written extensively on Russian foreign and security policy, with a particular focus on Sino-Russian relations.

The interview was conducted by **Sidonia Bogdan** and **Octavian Manea** courtesy of the Bucharest Forum 2019, an initiative of the Aspen Institute Romania and GMFUS office in Romania.

Chinese people playing lion dance on the street © Photo by Ru Bai Le on Shutterstock

The INF is dead.
Now what?

By **Michal Onderco** | Rotterdam

December 8, 1987: President Reagan and General Secretary Gorbachev signing the INF Treaty in the East Room of the White House
© Photo by White House Photographic Office

On 2 August 2019, the Intermediate Nuclear Forces (INF) treaty, signed by the United States and the Soviet Union at the end of the Cold War, ended. The United States formally withdrew from the treaty, although it had already been clinically dead at least since the US suspended its compliance with the treaty in February 2019.

The United States had already publicly accused Russia of non-compliance five years ago, during the Obama Administration. At that time, the State Department noted (in a bureaucratic document outlining compliance with arms control agreements) that "[t]he United States has determined that the Russian Federation is in violation of its obligations under the INF Treaty". A year later, the United States added a detail, noting that the violation was related to a ground-launched cruise missile which Russia had developed. The US strategy at that time seems to have been to bring Russia into compliance, but also to develop its own potential responses to the violation. Russia for her part denied engaging in such activity, and instead also charged the United States with having violated the treaty.

European response to the end of the INF should be based around stepping up the defence spending and commitments. Such steps would strengthen Europe's position within NATO.

European countries' response to the end of the INF should be based around stepping up their defence spending and commitments. Such steps would help Europeans to address the security vacuum emerging after the collapse of the INF, and would also reinvigorate Europe's defence posture and strengthen its position within NATO.

The birth and the death of the INF found Europe in different states

During the Cold War, the treaty was of crucial importance for Europeans, who would have been the primary targets of Soviet intermediate-range missiles if conflict broke out between the USA and the Soviet Union. During the late 1970s and early 1980s, European leaders voiced concerns about Russian missiles, particularly the SS-20. For European policymakers, and especially West Germany, the development and deployment of the SS-20 tipped the balance of forces vis-à-vis any future conflict between West and East decidedly towards the Soviet Union. Germany, as well as other Western NATO nations, demanded that the US react with the development and deployment of equivalent missiles. Yet Europe's publics mainly perceived the crisis in the light of possible nuclear holocaust. Hundreds of thousands of citizens went onto the streets to demonstrate against nuclear weapons and in favour of nuclear disarmament. The domestic pressure on Western European (democratic) governments was enormous. The mass protests were memorable: in 1983, over half million people came to the Malieveld park in the Hague to protest against nuclear war and oppose the deployment of American nuclear weapons in Europe. The conclusion of the INF treaty therefore helped European leaders to solve two problems: both the external security problem, and the domestic public pressure.

As opposed to the massive protests against intermediate-range missiles in 1980s, the Russian violation in the mid-2010s was not

met even with a shudder. By that time, nuclear weapons had fallen out of the public's attention, and Europe – convulsed by the Greek debt crisis and the migrants streaming across the Mediterranean – simply did not pay attention. However, to be fair, the United States was also not exactly forthcoming with information, and shared only very few details with its allies. Therefore, while US analysts such as former State Department official Steven Pifer accused European governments of not confronting Russia about the violations in its bilateral interactions, the Americans did not make it any easier for Europeans by withdrawing and classifying much of the evidence of Russian noncompliance.

Conversely, European countries realised the gravity of the situation only when it became obvious that the United States would withdraw from the treaty. Numerous Western European governments, alarmed at the erosion of the treaty they saw as fundamental to their own security, perceived the situation as the epitome of their strategic predicament in 2019. European countries rely on the United States in strategic questions, even though the interests of the United States seem to diverge from theirs, and are confronted by challenges which Europe cannot address on its own. The end of the INF was a sign of tensions easing at the end of the Cold War and the beginning of a new era, in which international institutions (whether treaties or organisations) held a promise of a more orderly future for European countries. The end of the treaty punctures that image for Europeans.

The collapse of the INF has special relevance for the Central European region. Intermediate-range missiles are often thought to influence the balance of power on the battlefield, rather than having an innate strategic importance (although it is arguably difficult to consider any use of nuclear weapons as non-strategic). For numerous observers, any potential conflict between NATO and Russia will start in Eastern Europe, and will therefore involve (or at least take place on the territory of) Eastern Europe. The Eastern European countries should thus be most concerned about the collapse of the INF and its aftermath. However, the governments of these countries, with the exception of governments in Poland and the Baltics, have remained conspicuously silent. The Polish and Baltic governments have, compared to their Western European counterparts, been more critical of Russia, and have raised louder appeals for the United States to provide a deterrent solution.

The European predicament

Because European countries did not possess the relevant technological capabilities, they usually left strategic discussions to the Americans and Russians, in order not to engage in what German political scientist Ulrich Kühn called "arms control without arms to control". This led European policy-makers to resort to "seeking allied unity" and calling on Russia to return to compliance with the treaty. European analysts, the above-mentioned Kühn prominent among them, suggested solutions as varied as strengthening missile defence, rotational deployment of bombers, and the deployment of conventional-tipped sea-launched ballistic missiles on US submarines in European waters. While such solutions are within the realm of the technologically possible and politically feasible, they might potentially be strategically destabilising and could increase the chances that nuclear weapons might be used. For instance, a recent review by Beatrix Immenkamp of the European Parliament's Research Service ruled out every solution offered as being impossible, either because it was technically unfeasible or because the necessary political will was lacking.

However pressured and worried about the United States' future commitment to European security the European countries are, they nonetheless realise that they have no replacement for the key role that the United States has played in European security since the end of World War II. However, the potential for the use of intermediate-range missiles creates a different type of challenge to Europe than to the United States, particularly due to the former's geographical proximity. While the end of the INF unties the United States' hands in a certain way (especially in relation to responding to China's development of intermediate-range missiles and the future of American alliances in Asia), for Europe the end of the treaty opens up the option of nuclear war on the continent. Although this problem is particularly acute in Eastern Europe, the whole region is caught in this predicament.

For the same reason, the European countries need to consider their own unity in the aftermath of the INF's end. Such unity is important both for the symbolic image of Europe as a global actor, as well as for the adoption of any future Europe-wide solution to the INF crisis. Therefore, while Europeans should not stop seeking cooperative solutions together with the United States, they should also think about the potential steps that they themselves could take to mitigate the threat from Russian intermediate-range missiles in the future.

European countries should support the development of a conventional deterrent, including developing A2/AD capabilities. These could give Europeans a bargaining chip.

The first step in mitigating this threat is to think about what scenarios might lead to the use of intermediate-range nuclear weapons, and then think about how to prevent any such scenarios from emerging through deterrence. One of the most likely scenarios for a future nuclear conflict between NATO and Russia usually revolves around a miscalculated Russian attack on NATO's Eastern flank, one in which Russia would start to lose ground. To prevent such a scenario, European countries should support the development of a conventional deterrent, including developing capabilities in the anti-access and area-denial fields. There is no doubt that such a development would be a sea change from the practices of the past, but the upside of such capabilities is that Europeans might actually build capabilities which Russians might want to limit, which could give Europeans a bargaining chip for future negotiations on intermediate-range missiles.

Cross-domain deterrence offers another avenue for deterring future conflicts. The principle of cross-domain deterrence is to deter attack in one domain (in this instance, nuclear) by developing tools in another domain. For European countries, there are multiple possible options. European countries could, either within the framework of NATO or outside it, develop deterrent tools in cyberspace which could significantly deter Russia from ever contemplating the use of intermediate-range missiles. Of course, it remains questionable whether such tools could persuasively signal Europe's willingness to use them, and whether they would lead to more stability or not, but offensive cyber weapons provide an option for Europe. The framework of Permanent Structured Cooperation within the EU creates an opportunity for both economies of scale and opening new avenues for European cooperation. The potential is enormous, especially for Central European countries, to both expand their industrial bases and to develop their own defence capabilities.

To ensure long-term security in the region, the countries on the continent need to start thinking and acting for themselves.

What not to do and the way out

One pipedream that European countries should not continue chasing is bringing Russia into compliance with the INF, or attempting to revive the INF in its original form. For starters, it seems that neither of the original parties to the INF is unhappy with its collapse. However, Europeans should recognise the fundamental security considerations at play. If Russia considers intermediate-range missiles as fundamental to its security, it is very unlikely to give them up. The same applies to the dream of universalising the INF through a global regime. Not only are the United States and Russia uninterested in such treaty, but China – about whose intermediate-range missiles both the US and Russia are concerned – as well as other countries currently developing such missiles also have no interest in limiting such development.

While the costs of developing technological, military, and political solutions are sizeable, the domestic political costs should not be forgotten. While European societies are no longer aroused by the potential of nuclear war, they are in no way pro-nuclear. However, citizens also tend to be sensitive to military expenditure, and would probably be opposed to steps which could be seen as escalatory towards Russia. However, the aversion to nuclear weapons among European publics might provide a conduit to supporting the deployment of responses to Russian norm-breaking.

The post-INF crisis should make it clear to European countries that, as much as they need to work with the United States to maintain their security, the interests of the United States are different from those of European allies. Primarily, the United States – like Russia – is concerned about developments in China, and might therefore view the collapse of INF through a different lens. Proposals to develop European capabilities should not mean the end of cooperation in NATO. However, they would mean a development of European military muscle – something that even the United States has called for within the framework of NATO. Relying on American-supplied solutions will not address the security concerns felt in Europe. To ensure long-term stability and security in the region, the countries on the continent need to start thinking and acting for themselves. In the same way as the European countries learn to represent each other's interests in trade negotiations, they should get serious about security considerations, especially the Central and Eastern European member states. Even if Europeans have a natural predilection for negotiations – and some analysts suggested that Europe should negotiate with Russia on a future grand bargain for European security – Europeans know too well that it is much easier to negotiate when one has something to offer. The fate of Europe's counterparts when it comes to trade negotiations should have taught them that.

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Adapting Europe to **5D warfare**

Motto: *Europe's elites have not forgotten their history, they are just ignorant of it.*

Two years ago, in Norway, NATO organised one of the most important exercises since the Cold War, and especially since the security environment shifted dramatically in 2014. What does Trident Juncture 2018[1] tell us about NATO's readiness and ability to reinforce an exposed ally?

We have a dangerous asymmetry between General Gerasimov's "30 days crash force" and NATO. The issue is that in 30 days the Russians can cause chaos. Beyond the Enhanced Forward Presence (EFP), the Tailored Forward Presence in South-Eastern Europe, the Very High Readiness Joint Taskforce (VJTF) and even in the case of the NATO Response Force (NRF), we are looking at 30 days' notice to move. The NATO dilemma is that the bulk of its forces could not move in any strength prior to "D plus 30". The problem with the Kremlin is that there is a direct link between its sense of domestic vulnerability and this huge Russian force of arms. It is a mixture of political weakness and local military superiority. My great fear is a worst-case scenario in which Russia would present Europe with a territorial fait accompli. It would achieve a limited political and military victory [editor's note: e.g. crossing the border into one of the Baltic states and seizing a piece of territory] before NATO would mobilise and would ask: do you want to go to war over the Baltic states? My sense is that European politicians, faced with such a scenario, would not act. It is important to demonstrate that we can again undertake Article 5 operations, but you've got to look at how long it takes to get everything in place. That is the weakness. We should never underestimate General Gerasimov and his staff. They've looked systematically at our weaknesses, at our seams, and worked how to exploit them if the President gives the "go ahead" order. Vostok 18[2] was testing aspects of this. The problem is that our forward-deployed forces are simply not backed up with anything to get there in time. If you can't move the heavy forces quickly, to wherever you need them in an emergency to back up your forward deployed forces, you lose deterrence value. That is why the latest NATO initiative – the so-called Four Thirties[3] (developing 30 mechanised battalions, 30 air squadrons, four combat vessels ready to use within 30 days or less) – will plug a dangerous gap between the spearhead forces, the immediate follow-on forces (the NATO Response Force), and the bulk of NATO forces, which would take up to 120 days to mobilise in an emergency.

Military power still has a major role to play in influence. We've got to understand that Realpolitik and Machtpolitik is back.

"Fort Trump" in Poland or "Fort NATO" on the broader eastern flank? What should be prioritised – political cohesion in NATO or, for the sake of a credible bilateral deterrent message, a Fort Trump in Poland? In a way Warsaw is tired of waiting for Old Europe to provide credible security guarantees. Another solution is the proposal of Gen. Ben Hodges to fix the mobility problem in Europe.

It will take years to fix the mobility problem. Let me be really radical. Do you really think that the Americans and the British will use NATO

1. A major NATO exercise hosted by Norway in October and November 2018. It is considered as the largest NATO exercise since the Cold War, with more than 50,000 troops, 250 aircraft, 70 ships and 10,000 rolling or tracked vehicles. The basic scenario was built around an Article 5 operation – the reinforcement of an ally (Norway) under attack. The exercise provided the opportunity to test some of the core elements of the post-2014 NATO adaptation architecture: the NATO Response Force, and within that, the 5000-strong Spearhead force, (otherwise known as the Very High Readiness Joint Taskforce – VJTF).
2. Russia conducted VOSTOK 2018 from early July to mid September 2018. VOSTOK (meaning "East") is part of a system of strategic exercises that the Russian Armed Forces have been developing since 2009.
3. It is a readiness initiative adopted by the Alliance in June 2018. It was designed to reinforce NATO's presence in a potential European crisis. It was inspired by the former U.S. Secretary of Defense, James Mattis, and was meant to o reinvigorate a culture of readiness and ensure the alliance can employ 30 battalions, 30 air squadrons, and 30 warships within 30 days.

in an emergency? The Americans plus the three major European powers (Britain, France, Germany) wouldn't wait for a committee meeting in NATO to act. The bilateral US-Polish thing makes sense in terms of dealing with the issue. It doesn't make sense in keeping NATO together. But if NATO is not actually delivering deterrent value, what's the purpose? If it is all about being nice to each other when being nice makes us more insecure, there comes a point when that is simply too dangerous. I would strongly argue that the Polish have a point.

But the key issue here is Americans not being overstretched. The Chinese and the Russians are coordinating, and they will make life for America as difficult as possible. The problem with this equation is a weak Europe. If Europe would be stronger that wouldn't be an option, but it is. It all comes back to Europeans not doing enough. The only option is to make the trans-Atlantic relationship work.

The collapse of MENA and the massive influx of immigrants into Europe massively changed the political climate; to some extent it has produced a tribalisation of Europe. On the one hand we have this need to prepare for the return of great-power competition, while at the same time Europe should have the operational ability to wage post-9/11 campaigns to stabilise fragile and failed states.

This is NATO's "360 degrees" dilemma. It is not only geographical (east, south, north and west); it is also across the conflict spectrum. If you are not prepared to invest in high-end power projection capabilities, then at least invest in mass. The UK is investing in high-end assets. What you need for stabilisation is a lot of mass. The Italians, the Spanish, even the Germans should be investing in mass. If you cannot be the top of the spear force, then you provide the bulk behind it. This cannot go on. It is a Groundhog Day. We have this range of threats – from mass movement of people, terrorism, instability, to high-end strategic peer competitors. We have to cover both.

Britain is investing in essentially a high-end small force built around a maritime amphibious Navy to go with the Americans. But we are not investing in a continental army. In a sense we are going back to a very British, 19th-century army – a small professional expeditionary force. It's like a SWAT team for high-end operations. But the real bulk is in the Navy. The Queen Elizabeth[4] is a good way of buying influence with the Americans, but not a very efficient way of defending Central and Eastern Europe. What this means for continental Europe is that you need France and Germany to lead the defence of the continent. Europe is too dependent on over-stretched American combat forces.

The conclusion of the bi-partisan Congressional Commission on the Pentagon's National Defense Strategy is that "deterrence is weakening and war is becoming more likely" as the perception that the US can decisively defeat military challenges is fading. The background is the return of great-power competition, as well as the erosion of the US' military edge. Why this crisis? What are its implications for Europe?

It's classic IR (international relations) theory. Robert Gilpin talks about cycles of systemic change. What happened is that the cycle of systemic change has accelerated because

4. HMS Queen Elizabeth is usually advertised as the largest and the most powerful surface warship ever constructed for the Royal Navy. The aircraft carrier is capable of carrying up to 40 aircraft.

Robotic military warfare concept © Photo by Sarah Holmlund on Shutterstock

of the nature of globalisation. The reality is a hegemon at the end of its time. For about 20 years after the end of the Cold War we thought about America as the hegemon and us like the hegemonites, and we've become complacent. Revisionist powers with anti-status quo agendas have emerged. The trouble is that we in Europe are living in a community fantasy. Everyone outside Europe understands spheres of influence, balances of powers, zero sum-game geopolitics. That is the stuff of statecraft. Europe is the exception. Military power still has a major role to play in influence. We've got to get our heads around that because of what happened in history, and understand that Realpolitik and Machtpolitik is back. I would love the world to operate in the community logic so central to the idea of the European Union. But the essential struggle in South-East Europe is a struggle between zero-sum Machtpolitik and the community concept of international relations.

How would you describe the changing character of war and conflict today? What is driving it? How should we describe the Russian and Chinese ways of war? The British Chief of Defence Staff usually quotes Chris Donnelly (at the Institute for Statecraft) who said that Russia aims at creating "new strategic conditions. Their current influence and disinformation campaign is a form of "system" warfare that seeks to de-legitimise the political and social system on which our military strength is based. And this undermines our centre of gravity, which they rightly assess as our political cohesion."

The revisionist powers are practising what I call a systematic fight of 5D warfare – the use of force to underpin a strategy of Disinformation, Destabilisation, Disruption, Destruction, and all leveraged together by Deception. The unfree world is engaged in a continuous war at the seams and margins of the Alliance, employing all the above for comparative strategic advantage. They combine to form a new method of warfare that spans the hybrid, cyber, hyper warfare spectrum. Future war will be a complex matrix of coercive actions, all of which will form part of a new escalation of conflict designed to blackmail the target into accepting what could be perceived as unacceptable actions. China and Russia are studying our societies; they are looking at our alliances and working on our vulnerabilities to apply pressure, in pursuit of revisionist ends, using a myriad of coercive means. The Russian objective is a sphere of influence, an implicit rebuilding of a Warsaw Pact, in forcing countries in Central and Eastern Europe to look back at Moscow, instead of Brussels or Washington. Russia's

strategic goal is to conduct a continuous low-level war at the seams of democratic societies, and on the margins of both the EU and NATO, to create implicit spheres of influence. China's objective is the domination of its near abroad and keeping the Americans out. For both Russia and China this is a strategic competition and military power is the key ingredient. In many ways it is an arms race similar to the pre-WWI world where we have these autocratic regimes determined to change the international system.

Are you worried about the imbalance on the Eastern Flank, especially in the Black Sea region?

What we need to carry out is a series of mega-exercises where we develop the capacity to move large amounts of forces quickly. The primary weakness of the Alliance's deterrence posture is the lack of a heavy conventional reserve force able to support front-line states in strength, quickly, and across a broad conflict spectrum, if the threat comes from several directions at once. We need a big exercise in Central Europe that will move in different directions, able to support the national forces under pressure. We need a rapid-reaction heavy force. That is the plug that is still missing between our forward deployed forces and the whole NATO command structure; that could take between 90 and 120 days. The American presence in Europe is not big enough (around 3 BCTs – Brigade Combat Team[5]). The Europeans are going to be effective first responders in a crisis. But such an answer should be built around mass. If we can demonstrate to an adversary that the threshold is too high to act – that is what deterrence is all about. It is not Russia that worries me now. Russia is being aggressive in its near abroad because of the nature of the regime. Russia is not systemically threatened. It is because Russia is so vulnerable domestically that it becomes more dangerous and its actions become really threatening. The simple fact is that the Russian military is too big for an economy half the size of the UK. This is dangerous.

In your writings you talk about "coercive escalation" as a way for Russia to intimidate its victims and prey [upon them]. What role do these very specific investments in A2/AD capabilities play in this broad, coercive escalation ladder? What is their implication for deterrence calculus, and for the ability to defend the most exposed US allies?

The anti-access/area-denial bubbles in Kaliningrad and Crimea are the basis of coercive operations. Let's take the Suwałki Gap. Imagine the Russians gradually putting more pressure. We have the Enhanced Forward Presence (EFP) in the Baltics, an information campaign started, a destabilisation operation started; we see the wrapping-up of the forces in Kaliningrad and Belarus, and you got this increased pressure that basically says to NATO, "pull your troops out, we are going to close the Suwałki Gap, take the Baltic states back and there is nothing you can do about it." What we could do about it is start holding exercises which give the impression of neutralising Kaliningrad or even Crimea. The problem for the Russians and Gerasimov is that they don't have sufficient mass themselves to cover the huge Russian borders. What we are not doing is being systematic in our analysis of how we would make life uncomfortable for President Putin and General Gerasimov.

5. The Brigade Combat Team (BCT) is the basic deployable unit of maneuver in the US Army.

This interview is published in conjunction with Small Wars Journal.

How would the Fourth Industrial Revolution (with AI and big data) change war?

A revolution in military technology is underway that will be applied in future on the twenty-first century's battle space by enemies armed with AI, big data, machine-learning and quantum-computing. The impact of the Fourth Industrial Revolution on changing war is incredible. It is revolutionising warfare to such an extent that future war will be conducted simultaneously from the low end of the conflict spectrum to the high end. The new technologies and the interactions between them are changing the character and conduct of war. They accelerate the pace of warfare, accelerate the speed of conflict and shorten the decision action cycles. When you've got machine learning so fast that when humans intervene, it actually makes the whole process less efficient; when you have swarms of drones actually talking to each other about how to exploit vulnerabilities in defence systems – this is going to completely change warfare. Quantum computing will be essential if we are going to be able to defend against hyper-war. It is about understanding and seeing the patterns. One of the big problems in 5D warfare is understanding when an attack is actually an attack. That will need high-level computing power. Add the hypersonic weapons and we will have the perfect storm. I made this film about the sinking of the HMS Queen Elizabeth. It was about swarms of intelligent drones launched by an unmanned underwater Russian vehicle backed up by Iskander anti-ship missiles, and it showed how vulnerable a contemporary deployed NATO maritime task-force can be because they haven't invested in proper defence systems. This is the message I come back to. Europeans need to demonstrate firepower, but it should be 21st-century fighting power. The Fourth Industrial Revolution will change the nature of fighting power. The Americans, the Russians and Chinese are driving this forward. The Americans are offsetting the future and the Europeans are not, and this could create a massive interoperability gap. The true test of solidarity is that we need to invest in the right capabilities.

The Fourth Industrial Revolution is revolutionising warfare to such an extent that future war will be conducted simultaneously from the low end of the conflict spectrum to the high end.

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