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Session One

How Can Governments Rebuild Domestic Support for Global Trade?

Panelist Paper

How Can Governments Rebuild Domestic Support for Global Trade?

Council of Councils Annual Conference
May 7–9, 2017
Council on Foreign Relations, Washington, DC

Daniel Gros, Centre for European Policy Studies

The short answer to this question might be "don't even try!"

The long answer is that although there is vocal opposition to further trade liberalization, there is also little demand for generalized protectionism. The status quo is quite stable. Advances should be sought with emerging market economies (EMEs), China, in primus. The big projects among developed economies, such as the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP), should be put on the backburner.

Background

Over the last few years, the major news about globalization has focused on its difficulties. Trade was shrinking, and the most prominent superregional trade agreements seem to have been abandoned. President Donald J. Trump terminated the trade deal among the United States, Asian, Pacific Latin American, and Canadian economies—TPP—and the negotiations on a trade and investment partnership between the United States and the European Union (EU)—TTIP—have effectively stopped. Both initiatives had already attracted much opposition from their inception.

Headlines can be misleading, however. New trade deals might draw considerable opposition, but it is highly unlikely that protectionism will become rampant. This applies also to the United States, where the president was elected on a platform of getting tough with major trading partners, such as China and Mexico. So far, the Trump administration has taken little action, and the reaction in Europe has been to do the opposite, specifically, to emphasize the benefits of free trade.

This pattern is likely to persist because any major sustained turn toward protectionist policies would require a coalition of important interest groups to organize a concerted campaign aimed at changing the status quo—which, at the moment, consists of a fairly open stance by most developed countries toward trade given that average tariff rates are at negligible levels (below 3 percent for both the United States and the EU).

Where would the push for higher tariffs or other barriers come from?

It used to be that industry-specific coalitions of workers and capitalists lobbied for protection. Their interests were aligned because higher tariffs would allow workers to ask for higher wages and the owners of capital could still make higher profits. The infamous Smoot-Hawley Act, which is widely seen as having contributed decisively to the Great Depression of the 1930s, was the result of such lobbying.

Today, however, the interests of workers and capitalists are no longer aligned in each industry.

One big difference is that most manufacturing is now dominated by multinational firms that produce in many countries. This is particularly so in China, where U.S. and European multinational firms have invested heavily. Anything that hurts the Chinese economy will also hurt them. Exports of so-called foreign-financed enterprises from China amount to more than $1 trillion annually (almost half of total exports) and U.S. firms are the biggest investors in the country. Imposing the 45 percent import tariff, which Trump had announced during his campaign, would hurt the profits of U.S. multinational firms. A large proportion of European exports to the United States also originates from foreign affiliates of U.S. companies. It is thus not surprising that the protectionist rhetoric has come so far mainly from the president and some of his advisors but not from the experienced chief executive officers who occupy important positions in his cabinet.

A second significant difference with respect to the past comes from the global value chains under which many goods are assembled in Mexico, or China, from imported components, the most sophisticated of which often come from the United States. Any restriction on U.S. imports from these countries would thus hurt U.S. exports of components and U.S. income from royalties on intellectual property used abroad. Defenders of the "get tough on China (or Mexico)" approach argue that the main purpose of the policy would be to bring the entire production process into the United States. But assembly is usually a low value-added activity, which requires low skills and can thus pay only low wages. Any increase in tariffs on goods made in China (which in any event would probably be incompatible with the general rules of the World Trade Organization) might thus encourage a migration of assembly operations to other low-wage countries. The same argument applies to Mexico. Ending the North American Free Trade Agreement (NAFTA) would do little to create more high-paying U.S. jobs. American trade unions, which were opposed to the project twenty years ago, have been notable in their lack of vocal support for Trump's threats toward Mexico.

This point is also made by Richard Baldwin, who argues convincingly that the new globalization, with its outsourcing of bits and pieces of the production process, has changed the effect of globalization on jobs and thus the political economy of trade policy.[1]

The critical point is that it is difficult to accurately forecast which individual tasks of a long production process can be outsourced to low-wage countries. Moreover, web-based service providers can now also compete for many tasks that were previously considered safe from the processes of globalization. The general opposition to globalization today thus comes from the recognition that it could affect almost any one. No job seems immune to the threat. This is why globalization is opposed no longer mainly by small, well-defined interest groups from specific industries but instead by workers in general because they fear that further opening could endanger their jobs. Conversely, support for protectionism is only vague because no one can be sure that higher tariffs, or other measures, would bring jobs back.

A concrete example illustrates this mechanism. Excess capacity in China is now leading to a glut of steel throughout the world. It is thus natural that the few remaining U.S. (and EU) steel producers are lobbying for antidumping measures and that the trade unions from that industry will support them; conversely, steel-consuming industries will lobby against these measures. This is the traditional political economy behind trade policy.

But NAFTA is different because it has led to outsourcing many parts of the production process to Mexico, resulting in the demise of an integrated automotive industry. However, it is by no means clear that by dismantling NAFTA, how many and which jobs would return to the United States. Its abolition thus has little support.

The U.S. president has considerable powers to shape trade policy to correspond to his personal preferences, so it cannot be excluded that President Trump will impose some protectionist measures to show his electorate that he can be tough on foreigners. But a generalized return to protectionism has no broad-based support.

This is even truer for trade policy in Europe, whose multinational firms also have large investments in the Chinese economy. Moreover, European exports of manufacturing goods to China and other emerging markets are almost twice as large as those of the United States. Trade is thus seen more as an opportunity than as a threat to European jobs, which explains why even European anti-globalization advocates have little appetite for more protectionism.

How can one reconcile this view that support will be scant for generalized protectionism with the vocal opposition to major trade deals such as TPP or TTIP?

In the United States, wages of manufacturing workers have been stagnant for a long time, and the number of workers has continued to fall rapidly. Because this has coincided with high trade deficits, the two issues have become politically intertwined, though most studies show that automation has been a much more important factor. Few harbor the illusion that bashing Germany, Europe, or even China, will bring jobs back.

In Europe, manufacturing is doing better. There, the protests against TTIP (and to a lesser extent against the deal with Canada) arise from the fact that these trade deals were supposed to subordinate or align local standards and regulations with those of trading partners. Tariff-cutting would play only a marginal role in TTIP given that both EU and U.S. tariffs are already so low. But adapting health and safety standards is politically much more charged and transcends economic issues. A preference for local standards is particularly prevalent in northern Europe, where the mere thought of eating a chicken disinfected with a chlorine solution, or food based on some genetically modified seeds, causes indigestion, even if no scientific evidence indicates that either practice poses any threat to health.[2]

The claims that TTIP would water down European consumer protection standards mainly spring from a reluctance to make changes to politically charged regulations, even if their aim (health and safety of the consumer) can be achieved equally in a slightly different way. Something similar happened in the early 1990s, when, under the single market program of the EU, Germany had to open its market to beer not produced under the five-hundred-year-old Reinheitsgebot. At first there was a huge outcry and an increase in anti-EU sentiment. But after a few years, the issue was forgotten.

Policy Conclusions

Trade liberalization has become unpopular in advanced economies over the last few years. But this does not imply broad-based support for a return to protectionism, which would run into the opposition of powerful vested interests. The bicycle theory of trade liberalization, namely, that it must move forward or fall over, is thus not justified. European policymakers should ignore the protectionist noise coming from the White House and concentrate on defending the present liberal global trading system.

Governments in emerging markets could do better, however. Many of them have clearly benefited from the liberal, rules-based trading system. For many Asian countries, trade has been an engine of growth. It is thus not surprising that globalization remains much more popular in emerging-market economies.

This applies especially to China, which has put itself forward as the defender of free trade. But China still has much higher tariffs than either the United States or the EU (and maintains many other nontariff barriers and restrictions on capital flows). The country has thus been the beneficiary of asymmetric liberalization. This might have been justified in the past, when it was poor and underdeveloped and could not compete in many sectors, but this is no longer the case.

The situation in China is not unique, as figure 1 shows. EME tariffs are much higher, on average three times higher, than those of advanced economies. Reducing EME tariffs thus promises much higher gains than further small liberalization among the advanced economies.

In short, EME governments should acknowledge the good deal they have received in terms of low-tariff access to the big advanced economy markets and open up their markets themselves. For the EU and the United States, the conclusion would be that they might as well abandon TPP and TTIP and focus instead on negotiating ambitious free trade agreements with China and other emerging-market economies.

The political obstacles are, of course, formidable. In Europe, a free trade pact with China would encounter the opposition of the southern member states, but it could be sold on the argument that this time around, China would do more tariff cutting than Europe. In the United States, the political obstacles seem even greater given the electoral rhetoric of Trump. But it would be worth trying.

Figure 1. Tariffs No Longer an Issue Among Advanced Economies
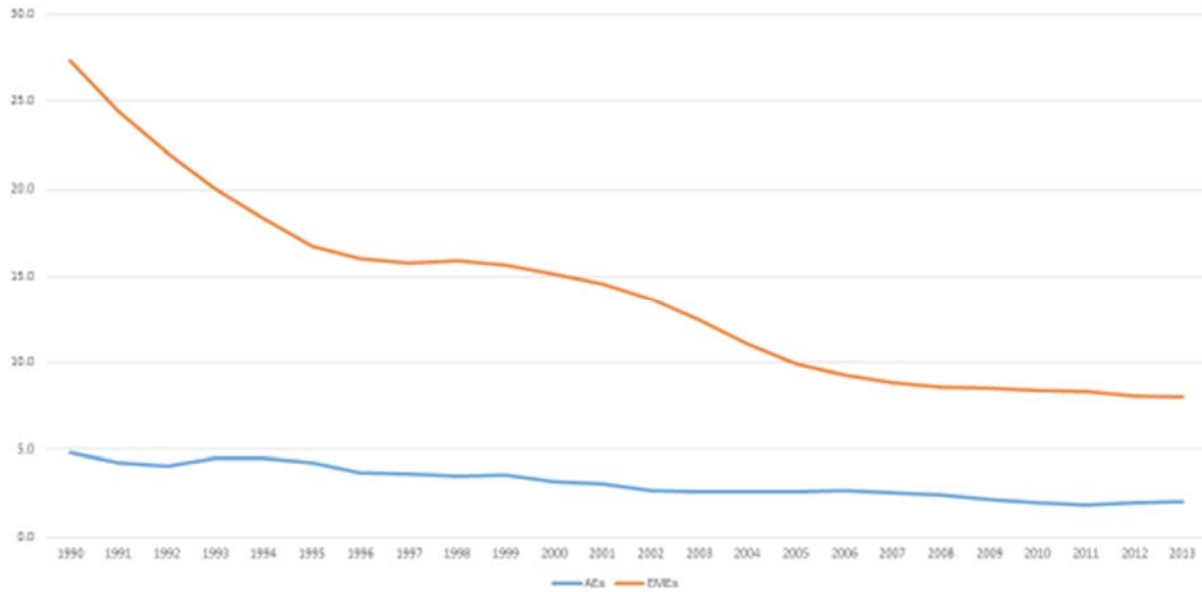
Source: Author's configuration.

Endnotes

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How Can Governments Rebuild Domestic Support for Global Trade?

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Rohinton P. Medhora, Centre for International Governance Innovation

A defining narrative during the past year, especially in Europe and North America, has been the public angst around globalization, global cooperation, and international trade agreements. The three concepts are related but not the same thing. It is an indication of the misunderstanding around this nexus of issues, among both general publics and elites, that the three are seen as of the same ilk; it is also a measure of the prominence of the subject. Similarly, it is a symptom of the large gray zones around the subject that the angst is deemed to be more general in two respects—across countries around the world and within them.

Globalization is the broadest of these concepts, encompassing as it does economic, social, political, and cultural integration. Some of it can be shaped by policy intervention and some of it not, because it is also driven by more exogenous factors such as technological change (caveat: see also the third bullet on the next page). Global cooperation is the more active part of globalization, whereby governments or groups of individuals or firms actively seek to create mechanisms to integrate. International trade agreements are a subset of the latter and arguably not even the most important element, swamped by agreements that unfetter capital flows or promote cooperation in defense, for example.

Recent events, particularly in the United States and Great Britain, cannot be interpreted as fundamental changes in public attitudes to the economy and society.[1] Small but discernible changes in the turnout among young, urban, or more educated voters would have yielded the opposite result in the Brexit referendum. The particularities of the electoral college process in the United States translated a lead of about three million in the popular vote for Hillary Clinton into a victory for Donald J. Trump. Elections this year in several Western European countries will either undercut or reinforce the trend of electoral victory for the forces arrayed against openness. Pending these results, it is unclear whether the U.S. and British votes produced outcomes that require nuanced interpretation.

In China and India, governments espouse the language of nationalism while using the channels that globalization offers—trade, information and communication technologies, and finance—to integrate their countries with and anchor them to the rest of the world. Looking further afield, some countries are preoccupied with sorting out their internal affairs (Brazil, South Africa, Turkey), some have stridently nationalist and populist

governments (Hungary, Philippines, Russia), and others remain determinedly outward looking (Mexico, countries in Southeast Asia).

Such multicountry surveys suggest that support for globalization, especially its economic aspects, is stronger in emerging countries than in developed ones, and that attitudes toward it are more positive among young people than among the older.[2] But on political and social issues, such differences disappear or at least require nuance in interpretation.[3] The sample size of such surveys is minuscule and seldom representative of the population, and the time series in the results is not enough to discern trends.

This admittedly broad brush does not portray a global trend one way or the other. But the point is not to define the problem away, for it is a real issue in some parts of the world. Rather, the point is to set the stage to address the set of questions posed for this panel—effectively, what to do to turn around the seemingly dominant narrative in some parts of the world? Six ways forward emerge.

- Be forthright about the consequences of economic cooperation: Trade integration comes with winners and losers (as does financial integration or indeed any sort of economic integration). It would help greatly if leaders presented, early and straightforwardly, the complete picture about the gains and losses from a proposed policy shift rather than go into booster mode right away. The public values authenticity in the political discourse. Even if it does not, the consequences of misstating the truth and getting away with it initially are not worth it in the short term, as is now evident in the United States and Western Europe. And if reasonable leaders do not tell the truth, the nativist demagogues will take over and present their version of it.

- Back up the truth with concrete action: Neither the consequences of trade integration nor the ways to mitigate its drawbacks are totally unknown. For early and eloquent statements of the consequences, Adrian Wood and the late Anthony Atkinson are to be thanked.[4] They were also clear about remedial policies.[5] A range of education, training and retraining, and social safety net policies have fallen into disrepair in the past three decades. Rediscovering domestic social policy could well salvage the fraying consensus around internationalism.[6]

- Recognize that nothing is truly exogenous: Much of the discussion around the root causes of job loss in the United States and Western Europe has set automation and trade agreements as separate trends, hoping on a wing and prayer that if the job losses could be pinned on automation, governments and economic cooperation are off the hook. They are not, not just in the public's eye but also in the specialist literature. The latest research from Adrian Wood suggests that trade agreements and automation both contribute to job losses in industrialized countries and that they are complementary trends that feed off each other.[7] Put simply, trade agreements, and the economic globalization in which they are embedded, aid and abet automation and its spread. Governments should lead an adult conversation about the risks and opportunities of a hyper-digitalized world and sentient technologies, and how they could be regulated and shaped for the greatest public good.

- Make global cooperation more symmetric and more fair: To date, global economic cooperation has been unbalanced—high in movement of finance and the spread of information and communications technologies, medium in trade in goods and services, and low in movement of people and the development of regulatory and other policy responses at the national and supranational levels. The Group of Twenty is the ob-

vious forum to shift this state of affairs toward something more tenable. Candidates include a credible regime to penalize financial havens, revitalization of the World Trade Organization by designing a global border adjustment tax regime for carbon, a global compact on refugees, and a modernized Trade-Related Aspects of Intellectual Property Rights agreement.

- Demonstrate the value of cooperation: There have been some promising signs here recently. The Paris Accord on climate change and the Information Technology Agreement are two such examples, as was the budding relationship between the United States and China (one that could well reemerge in coming months). There could well be a security or humanitarian situation—North Korea, Syria, or South Sudan— in which the great powers chose to act jointly and with gravitas. It is remarkable how adult behavior rubs off on the children.

- Have patience: In national and global affairs, there are no quick fixes. It took over a decade for the creeping doubts over global cooperation to have an effect on the polity in the United States and Western Europe. It could take that long again for the pendulum to swing back (hopefully not entirely) the other way. But everything passes. It is difficult to imagine the current angst not giving way to optimism around globalization if even some of the suggestions above are followed. It is less difficult to visualize the public mood if they are not. Leaders will have only themselves to blame, not an exogenous set of factors.

The new and improved discourse around trade will have to occur at a time when the concept of trade itself is undergoing a transformation.[8] Increasingly, trade is about ideas and, importantly, ideas couched as intellectual property (IP). Generating IP has characteristics that mostly set it apart from trade in traditional goods and services: high up-front costs and low reproduction costs. It conveys a great advantage to first movers, particularly if the technology becomes an industry standard. This also means that primacy in this matter is a global geopolitical game. And economies of agglomeration are inherent in the production of IP, so existing innovation clusters have a head start over others still in the formative stage. Once it becomes more commercially viable, 3D printing will move production closer to final consumption, not have it distant and atomized, as it is currently in global supply chains.

Considerable credibility and public awareness is going to have to be (re)built if the trade and economic cooperation agenda is to resonate positively with publics, especially in the United States and in Europe. Leaders have their work cut out for them.

Endnotes

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Panelist Paper

How Can Governments Rebuild Domestic Support for Global Trade?

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Bartosz Wiśniewski, Polish Institute of International Affairs

According to available data, attitudes toward trade and international economic cooperation vary among advanced economies. Skepticism of trade as a job-creating factor is clearly visible in parts of Europe (France, Italy) and the United States. On the other hand, clear majorities in Spain and the United Kingdom view trade as a positive phenomenon in this context. A similar pattern of varying levels of support can be identified when it comes to the assessment of trade's effect on wages. At the same time, wariness is almost ubiquitous among advanced economies with regard to allowing foreign acquisitions of domestic companies. All in all, although protectionist sentiment is undoubtedly present, it is not yet a universal phenomenon and certainly not an irreversible one. Indeed, research by the Chicago Council on Global Affairs indicates, the picture is blurred when it comes to public attitudes toward globalization and free trade in the United States (see figure 1). A hardly revealing conclusion is that trade could be a driving force behind progress, yet important trade-offs are involved that make it harder for some social groups to accept trade liberalization. Therefore, this case can be especially instructive when trying to find an answer to the question of how governments can rebuild domestic support for global trade.

Skepticism toward international trade and globalization is unquestionable with regard to its effect on employment. The effects of relocating manufacturing bases away from erstwhile industrial centers and toward new ones, especially in emerging and developing nations that compete with lower wage costs, are felt the most in the employment sector. What follows is deindustrialization and the creation of a group of "left-behinds" whose defining characteristic is a limited ability to take advantage of the social advancement opportunities created by globalization. This group is then the breeding ground for protectionist instincts. Thus, it is fair to claim that though the public recognizes some upsides of trade, the benefits associated with it are not universally acknowledged at the individual level. Some explanations are that globalization is more than free trade, that globalization has different forms, and that globalization affects different areas of everyday life in a different way—political, economic, and social. For example, the KOF Index of Globalization measures three distinct dimensions of globalization. The United States ranks fairly high when it comes to political globalization (16 of 207, a measure taking into account the density of diplomatic contacts, membership in international organizations, or adherence to international treaties) but significantly low when taking into account economic globalization (89 of 207, the criteria include trade flows, foreign direct investment, and portfolio investments,

as well as hidden import barriers and taxes on international trade). A relatively high exposure to the politics of globalization is therefore accompanied by a more subdued position vis-à-vis the economics of the process.

All in all, addressing the root causes of this phenomenon requires an answer to two fundamental questions. First, has globalization gone too far or has there been too little? This was a dilemma formulated by Dani Rodrik in the late 1990s, well before the economic crisis of 2008. Second, is globalization as an idea and phenomenon the actual problem, or is it rather the way in which globalization is and has been managed or governed? This was a possibility accounted for by, among others, Joseph Stiglitz, who argued that globalization should be accompanied by sound governance. Depending on how one answers these pivotal questions, different sets of arguments and policy prescriptions are likely to emerge.

Think tanks have a role to play in this context and will definitely shape the debate on both national and international levels. Critical to understanding the character of their involvement in this debate is acknowledging that trade is no longer an exclusive province of economists but a deeply political and therefore divisive matter. Thus, it should come as no surprise that some think tanks are coalescing to advance a certain set of ideas appreciative of global trade, whereas others are warning about the pitfalls and mirages associated with the abolishment of existing trade barriers.

Figure 1. Perception of International Trade Among Americans

International Trade
Overall, do you think international trade is good or bad for (% good):

■ 2004 ■ 2006 ■ 2016

	2004	2006	2016
The US economy	57%	54%	59%
American companies	59%	52%	57%
Consumers like you	73%	70%	70%
Creating jobs in the US	38%	37%	40%
Job security for American workers	31%	30%	35%
Your own standard of living	65%	64%	64%

2016 CHICAGO COUNCIL SURVEY
THE CHICAGO COUNCIL ON GLOBAL AFFAIRS

Source: Chicago Council on Global Affairs.

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Session Two
What Should Be the Multilateral Rules of the Road in Cyberspace— and How Can We Get There?

Panelist Paper

What Should Be the Multilateral Rules of the Road in Cyberspace— and How Can We Get There?

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Thomas Gomart, French Institute of International Relations

Cyberwarfare can be defined as actions made by a state, directly or indirectly, to penetrate another state's information systems for the purposes of intentionally causing damage and disruption. It is the most critical issue for digital governance, but certainly not the only one. For states, cyberwarfare meets intelligence objectives: not only stealing secrets by various means but also disseminating misinformation through various channels. During President Barack Obama's presidency, cyberwarfare became much more visible to the public. A democratization of spying has also been observed, provoking a loss of trust in the internet for individuals who are paradoxically increasingly connected. This has led to a feeling of mutual distrust between the public and private sectors, which has been accelerated by the election of President Donald J. Trump. The forty-fifth president of the United States was elected under particular conditions. On the one hand, his campaign was based on the consistent production of "alternative facts" and assaults on the media. On the other hand, Russia meddled in the U.S. presidential election. These two phenomena are partly related and may reinforce data nationalism not only in China, Russia, and the United States, but also in Europe.

Tensions Between Silicon Valley and Washington

During President Obama's second term, the surveillance disclosures by Edward Snowden, still living in Russia, and arguments over encryption and lawful access to data widened an already existing political divide between Washington and U.S. tech companies. The Obama administration made significant progress in terms of cybersecurity. However, it met internal and external challenges. Internally, it suffered from two conceptual problems, according to a Center for Strategic and International Studies report. The first was a belief that the private sector would provide solutions without government action or regulation. The second was the White House's tendency to float above the bureaucracy on these issues. Externally, the implementation of U.S. cybersecurity was made at the expense of its allies, creating a general distrust between states and also between individual users.

The reputation of U.S. tech companies has been severely damaged because they were legally required to turn data of non-U.S. citizens over to the government. In addition, it seems that the National Security Agency inserted malware into company products, undermining the rules of encryption used in commercial products.

U.S. tech companies operate on a global platform and their clients are increasingly suspicious of their products and the U.S. government. Therefore, companies have strong commercial motivations to keep Washington at a distance. This trend has been aggravated by the Trump administration. Even if he is tweeting every day, Trump is much more a TV reality product than an authentic geek interested in technologies. Silicon Valley has become a global brand that stresses innovation and entrepreneurship all over the world. In this model, universities, companies, and private funds are the main engines of growth. For them, the main task of the federal state is to keep borders open, not only for the United States, but also for the rest of the world.

Policy issue: Is it possible to narrow the gap between Silicon Valley and Washington when the Trump administration intends to close borders?

How to Manage Relations With Russia and China

Tensions between the United States and Russia peaked during the recent U.S. presidential transition period when President Obama expelled Russian diplomats because of their muddling in the electoral process. In fact, it has not been a real surprise. James Clapper, then director of national intelligence, said in 2014 he worried more about the Russians than the Chinese in cyberspace, saying "The Russian threat is more severe than we have previously assessed." Russia cannot be compared to China and the United States in terms of cyber capabilities. However, Russia masters some key cyber components such as encryption With Russia, traditional cyber threats such as espionage or disruption are amplified by the strategic use of the "information weapon": to simultaneously influence public opinion and the views of decision-makers. In addition, the links with organized crime must be investigated. Officially, in July 2016, Russian President Vladimir Putin signed a law that requires telecommunications and digital companies to retain copies of all communications for six months and store the data within Russian borders.

Although Moscow and Beijing have signed a nonaggression pact with each other in cyberspace, the shape and structure of the internet continues to give the United States a great deal of gravity. In 2016, after years of accusing China of cyber espionage for commercial benefits, Washington reached an agreement with Beijing to protect trade secrets and confidential business information. Even if it can be viewed with skepticism, this sort of agreement may contribute to gradually setting up a rule-based governance system. According to a Council on Foreign Relations report, government experts from China, Russia, the United States, and other countries agreed that states should not conduct activities that intentionally target critical infrastructures. It may be seen as a positive evolution, but a key divergence remains: the United States has a narrower vision of cyber conflict than do China and Russia.

Policy issue: How can Beijing, Moscow, and Washington identify legitimate targets, thresholds, and joint interest in preventing escalatory cyber operations?

What About Europe?

The European Union (EU) lags behind the United States and some Asian countries when it comes to digital growth. According to a report from the McKinsey Global Institute, EU countries are using their digital potential differently. To be more precise, some sectors such as the high tech industry, media, and finance are digital leaders, but many other sectors lag behind. The problem is economic: digital technologies are changing the nature of competition by creating a "winner takes most" dynamic. Despite the large potential of the European

single market, the continent does not have strong digital players able to compete with the U.S. tech giants. Regulatory convergence should encourage a wave of investments by large companies in various sectors to accelerate their digital transformation and open up service markets for digital newcomers with disruptive and innovative business models.

The problem is also, namely, political: many countries in the world are passing laws that require user data be stored within their borders. Political authorities, as well as economic players, are increasingly convinced that data localization is critical. Since the Snowden affair, some EU countries have based their positions on a political critique of the influence that the U.S. tech giants wield in negotiating forums.

Policy issue: To what extent should Europe strengthen its language (and organization) around the protection of data and its localization?

Panelist Paper
Multilateral Rules of the Road in Cyberspace

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Sergey Kulik, Institute of Contemporary Development

A watershed in cybersecurity governance is closer than ever before. The situation is fraught with the loss of control in cyberspace and with exacerbating conflicting positions among states. Dozens of countries with different aims and capabilities are involved in malware activities. The proliferation of malware weapons is a reality.

A troubling trend indicates a preference for analyzing possibilities to govern a potential conflict, rather than to prevent it; maintaining the declaratory nature of international law as applied to cyberspace; and the confession of the cyber domain as a warfare theater. Conflict prevention, to include measures against miscalculations and accidents, should be prioritized in developing an international agenda regarding acceptable codes of behavior in the cyber domain.

There are increased calls for departing from a declaratory international legal framework, which fails to meet challenges from a new security sphere. The current international law is rather vague and requires modifications. The right of individual or collective self-defense against "armed attack" under the UN Charter's Chapter 7 does not adequately cover cyberattacks. Countries should find answers to questions about at least narrowing room for interpretation of the UN provisions applied to damages from hacking and ill-intentioned activities in the cyber domain.

In contrast to nuclear weapons, which serve a mainly deterrent role, cyber instruments are more destined for first strikes and on a day-to-day basis. They can be widely used not only by governments but also by individuals and nonstate terrorist and criminal actors without barriers that are placed on conventional warfare and nuclear planning (flexibility, proportionality, selectivity, etc.). A third party is thus capable of provoking a conflict among major powers.

Malware activities are aimed at searching for vulnerabilities and loopholes in states' infrastructure critically vital to security, with possible large-scale consequences. Adequate apprehension of rising vulnerabilities could stimulate compromises in codification of norms and principles in cyberspace.

The sense of an increase in vulnerabilities is more perceptible in Moscow. Russia survived more than seventy million intrusions last year to the state infrastructure, not to mention private channels. The annual scale is drastically on the rise, compared with previous years. It reflects higher tensions in official corridors and increased readiness for speeding up multilateral cooperation, but with a lessening optimism about prospects for cooperation in the current situation.

Bilateral agreements should play an important supportive role to attempts at multilateral cooperation. These agreements could cover hotline channels (such as the one agreed upon by Russia and the United States in 2013) and critical infrastructure, along with other measures to prevent incidents in the cyber domain. Efforts to reach agreements should not underestimate the capacity of intergovernmental bilateral consultations to look for acceptable norms and principles and for slackening of tensions.

In finding appropriate compromises on norms based on their effectiveness and practicability, helpful guidelines have already been offered by the UN Group of Governmental Experts on Developments in the Field of Information and Telecommunications in the Context of International Security. In particular, the document adopted in 2015 about norms, rules, and principles of responsible behavior provides useful food for thought, including about a road map for a possible UN resolution.

Despite substantial opposition toward different cyberspace norms and principles, negotiators should not disregard other viewpoints and should seek acceptable proposals. In this regard, it should be mentioned that the draft Code of Conduct for Information Security offered by the Shanghai Cooperation Organization is just a considerate invitation for joint discussions.

A likely UN resolution, with no obligations for a start, should be oriented to present at least the contours of what is good and what is bad for strengthening cybersecurity. A draft agreed to by major parties could be a litmus test for countries in their readiness to enhance cybersecurity during a voting procedure.

Also, it is time to create a permanent international structure to deal with challenges from cyberspace. Various options have been discussed so far: an arbitration body, an organization under the umbrella of the UN Security Council with obligatory implementation of its verdicts, inclusion of cyber themes in a perpetual agenda of the UN Disarmament Commission, a special UN committee resembling the Committee on the Peaceful Uses of Outer Space, among others. All options are open for serious deliberation, but they remain divided over the aptitude and the role of the UN umbrella.

It is also appropriate to find ways to stimulate activities of the Organization for Security and Cooperation in Europe (OSCE) in confidence-building measures to enhance cybersecurity. The set of confidence-building measures agreed upon by the OSCE on reducing the risks of conflict stemming from the use of information and communication technology (ICT) should be broadened. Practical measures are designed to enhance transparency and reduce misperception and escalation among states. The OSCE process should also be considered for a possible adequate enlargement to the global cybersecurity framework.

The eventual norms and principles in cyberspace should lead to a tough, obligatory multilateral regime. Non-binding resolutions or other documents should be considered in the intermediate period.

Taking into account the dynamics of threats in the cyber domain, the current global institutional structure shows more signs of falling behind than meeting these threats. One of the important barriers to efforts to strike a joint deal to modernize or create new institutions is in the different views about the role of the United Nations, its scope of authority and arbitrary powers, and the like. But rising vulnerabilities and uncertainties necessitate the development of mutually acceptable rules and norms.

On the other hand, consolidating inflexible positions within opposing groups is fraught with undeserved delays in developing joint codes of principles and an adequate cybersecurity institutional framework, especially when the dynamically rising common threats from the cyber domain do not forego instigating regional and global cataclysms.

Panelist Paper
Establishing "Red Lines" in the Manipulation of Internet Intermediaries

Council of Councils Annual Conference
May 7–9, 2017
Council on Foreign Relations, Washington, DC

Stephanie MacLellan, Centre for International Governance Innovation

Executive Summary
Large-scale manipulation of major internet platforms, whether by state-affiliated or nonstate actors, is disruptive to the healthy functioning of democracy as well as to individual users, particularly those from marginalized groups. A multistakeholder approach that includes governments, private internet intermediaries, and civil society watchdogs is needed to target mass manipulation in order to minimize disruptive behaviors and protect human rights. This would not eliminate all harmful online behaviors, nor would it answer complex questions about the role of private companies in determining the limits of free expression, but it is a technically feasible and important first step that can establish "red lines" for minimizing disruption and its consequences.

The internet and social media platforms that run on it can enable and enhance public conversation about what a society values and how a citizenry wishes to be governed. But as the seismic political events of 2016 demonstrated, bad actors can manipulate the functioning of these platforms to interfere with public dialogue. This manipulation can have serious implications for human rights and democratic outcomes outside the confines of cyberspace.

For example, "influence operations" played a significant role in Russia's alleged interference in the 2016 U.S. presidential election. Researchers identified networks of bots (automated accounts) that flooded social networks with false information or impersonated U.S. voters promoting pro-Trump and anti-Clinton opinions in order to drown out opposing views and skew perceptions of public opinion.[1] By one estimate, bots generated 18 percent of all Twitter traffic in the week leading up to the U.S. election.[2] A network overwhelmed with vast amounts of false or contradictory information makes it difficult for users to know what to believe, spreading confusion and diminishing trust in the network as a whole. In addition, reports have circulated of similar activity in the run-up to subsequent elections in European countries.

Such accounts also targeted influential users with harassment that set off a pile-on effect, notably deploying misogynistic and anti-Semitic abuse.[3] Such abuse can have an effect beyond the targeted users. A recent U.S. study found that three-quarters of internet users have witnessed online harassment—women, racial minorities, and LGBT users being disproportionately affected. This has an effect on freedom of expression: more

than one-third of those who had witnessed harassment subsequently self-censored their posts to avoid being harassed.[4] Outside social media, researchers have raised the alarm about far-right operatives manipulating Google's search algorithms so that anti-Semitic and racist links are elevated to the top of the results for innocuous searches.[5]

Internet intermediaries—defined as "services that mediate online communication and enable various forms of online expression"—are responsible for how a substantial portion of the global population interacts with one another and understands the world.[6] In the months since the U.S. election, industry leaders such as Facebook and Twitter have gone from abdicating responsibility for misleading content or harassment on their platforms to expanding their policies for flagging questionable materials and reporting abuse; this shows that heightened public scrutiny can motivate powerful private companies to act. Countries should take advantage of the companies' newfound openness and the unprecedented public interest in the issue to work with intermediaries as part of a multistakeholder approach to target manipulation.

Automated internet activity is not inherently harmful. Social media bots are commonly used for information or entertainment purposes. Likewise, techniques such as search engine optimization are widely used by entities that aim to manipulate Google's search algorithms to rise to the top of their results rankings. Instead, antimanipulation efforts should focus on highly automated or coordinated activity that distorts the user's experience of the platform—for example, by disrupting public conversation, distorting perceptions of reality, hindering free speech, or exposing marginalized groups to hate.

It is technically feasible for internet companies to detect and restrict disruptive automated activity on their networks, and there is precedent for their doing so. Twitter took down more than 630,000 terrorist accounts between August 2015 and the end of 2016; 74 percent of those accounts were detected through Twitter's automated antispam tools.[7] The self-proclaimed Islamic State was well known for leveraging Twitter for recruitment and propaganda, including using apps that used Twitter algorithms to land in its list of trending topics.[8] Since Twitter began purging Islamic State accounts, the terrorist group has largely migrated to messaging apps such as Telegram that have a far more limited audience. Intermediaries could use similar techniques to target other forms of disruptive activity.

Given the transborder nature of internet intermediaries, punitive approaches based on state laws would be largely ineffective, so a cooperative approach that involves governments, intermediaries, and civil society is preferable. One model could come from the European Commission, which worked with major internet intermediaries to develop a code of conduct on countering illegal online hate speech in May 2016.[9] Other efforts could build on the work of the Global Network Initiative to help internet companies operate in accordance with international human rights standards. International organizations such as the UN Educational, Scientific, and Cultural Organization should continue their roles as interpreters and arbiters of global internet rights, clarifying standards and calling out intermediaries when they fall short. The events of the past six months have shown that as powerful as internet giants are, they are increasingly sensitive to reputational effects.

An approach focused on platform manipulation cannot be expected to eliminate all harmful online behaviors. Some abusive or misleading messaging will always occur. The level of moderation needed to eliminate it is not feasible because of the sheer volume of online content generated around the clock. Furthermore, doing so would require private companies to make judgments on the limits of freedom of expression, which is in no one's interest. Instead, focusing on mass manipulation that has distortionary effects allows for "red lines" to

be set on the basis of scale and methods of disruption rather than content. It is also a step that can be taken immediately: experience with Islamic State accounts, not to mention restrictions on spamming, shows that it is technically feasible to identify and remove such problematic uses.

Equally important, this approach would help establish a global norm against mass manipulation of intermediaries. Technology is rapidly changing, and it is likely just a matter of time until new platforms usurp Facebook or Twitter's role as a public square. Policy prescriptions that focus on a specific technology or platform could soon become outdated, but principles for responsible use of cyberspace that can be applied to future scenarios are more likely to have a lasting impact.

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Session Three

How Should the World Respond When Countries Such as North Korea Develop Nuclear Weapons and Ballistic Missles?

Panelist Paper

How Should the World Respond When Countries Such as North Korea Develop Nuclear Weapons and Ballistic Missiles?

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Chaesung Chun, East Asia Institute

North Korean nuclear weapons serve multiple purposes. First, North Korea repeatedly states that its nuclear weapons are to deter a U.S. nuclear attack, arguing that the United States excluded North Korea from the object of nuclear no-first-use policy.

Second, Kim Jong-un wants to perpetuate a totalitarian regime and consolidate his power by personalizing control over North Korea. Given the country's struggling economy, nuclear weapons provide Kim with political legitimation of his economically ineffective rule by showing his militant resolve to fight the prime enemy, the United States. By continuing to enhance the North's nuclear capability, Kim sends the message to his people that increased external security threats justify the military expenditure and the poor attempt to revive the economy.

Third, when political use of nuclear weapons for power consolidation is no longer required, Kim can begin to deal with outside powers to elicit economic assistance. This is an old pattern: North Korea nuclearizes, then receives generous economic assistance for denuclearization and requires more rewards in peace negotiation vis-à-vis South Korea (Republic of Korea, or ROK) and the United States.

Fourth and final, Kim could use nuclear weapons purely for offensive purposes. North Korea could start an all-out war using nuclear weapons with the confidence of being able to control the crisis and win it if it is confident of U.S. reluctance to retaliate with nuclear weapons. It is also probable that Kim relies on the slim chance of continuing his dictatorship even after a disastrous nuclear confrontation and war.

North Korea obviously wants to progress toward a more developed nuclear arsenal and sophisticated missile force and ultimately toward intercontinental ballistic missiles (ICBMs). It is almost certain that Kim will try to muddle through to the point of attacking the U.S. homeland with nuclear missiles, perhaps even acquire second strike capability. At that point, Washington would be forced to negotiate, and Kim would come to the negotiation table asking for comprehensive economic rewards, a peace treaty with the United States to include nuclear arms reduction talks, and recognition of North Korea as a nuclear power. The situation would raise

significant decoupling concerns for South Korea and Japan, which could lead to an increased possibility of their obtaining nuclear arms.

President Donald J. Trump considers "every option on the table," and pressuring China on more cooperation is the first. China, anticipating the party congress later in 2017, needs a favorable international environment and successful crisis management, which requires mutually beneficial relations with the United States. Washington pressuring Beijing on its trade and currency policy, a worsening North Korean nuclear problem, a strengthening U.S.-ROK alliance, and U.S.-ROK-Japan trilateral security relations will hurt President Xi Jinping's political situation. Using military options to solve the North Korean nuclear problem will drive China into a far more difficult position. After the U.S.-China summit meeting in April, Xi seems to have put more pressure on North Korea, persuading Kim to come to the negotiation table for gradual denuclearization and to conclude a peace treaty with the United States, which meets the Chinese expectation of the so-called parallel negotiation.

However, it is hard to predict whether North Korea will come back to discuss denuclearization. That will be decided by how painful international sanctions on North Korea will be and whether Kim will think that diplomacy would be beneficial to the preservation of his personal power and regime. China could suggest a complete or partial cut of oil supply, implicitly recognize U.S. surgical strike, disregard its alliance obligation to North Korea in case of military clashes, and support more severe economic sanctions. Kim will not change his strategic calculus if he can maintain his totalitarian rule under severe Chinse sanctions to the point where he succeeds in developing ICBMs.

Despite China's efforts to conform to Trump's requests, it will be extremely careful not to let North Korea collapse and be absorbed by South Korea, which has strong alliance ties with the United States. Being uncertain of ROK and U.S. intent toward a denuclearized—and consequently weaker—North Korea, China will try to prevent North Korea from collapsing due to severe economic sanctions.

More strategic dialogues and consensus on the post-sanction, even post-denuclearization, stage among China, South Korea, and the United States will therefore be critical. Details regarding the initial point for reopening the negotiation for denuclearization and the conditions for a peace treaty could differ among them, which could turn the situation back to the pre-sanction period.

When, or if, North Korea comes back to the negotiation table, negotiations will be long and painful. The South Korean government has been skeptical of the parallel tracks. North Korea will take full advantage of both negotiations and establish a link between two games. The North will propose unacceptable conditions for peace, such as the elimination of anti-North Korean campaign by the United States, the withdrawal of the U.S. Forces Korea, mutual reduction of arms and personnel, and the termination of joint U.S.-ROK military drills. North Korean allegations that conditions are not met for peace could stall the denuclearization process. Because the peace process affects the posture of the alliance, the parallel tracks will not be an easy process.

North Korea under Kim Jong-il reversed the course of denuclearization negotiations several times after receiving economic assistance. Only an unacceptably high cost of reversing the course of negotiations will ultimately eliminate a repeat of such betrayal. It will therefore be necessary to maintain a particular level of eco-

nomic sanctions, particularly in close coordination with China. If Kim Jong-un is fully aware that severe sanctions await if North Korea continues its nuclear ambitions—countered by incentives of development assistance if he reverses course—he will pursue a genuine course of negotiation.

On the other hand, both South Korea and the United States need to make clear that peace talks should not only demand North Korea's denuclearization but also guarantee the regime's survival if it denuclearizes, as well as include trust-building measures in security affairs and guidelines for arms control. Durable peace will be possible only if South Korea guarantees the survival of a denuclearized North Korea and pursues a plan to engage with it. The strategy of engagement comprises several elements. First, the country that wishes to engage should reassure the other country that it is neither threatening nor antagonistic. Second, it should initiate a policy of reconciliation and peaceful exchange to invite the other to cooperate. Third, the gradual building of trust will create structural bases that will foster changes in the system and behavior of the target country.

Last, a scenario in which North Korea succeeds in developing ICBMs, making the U.S. mainland vulnerable to nuclear missile attack, is possible and the United States should be prepared for it. Combined efforts to deter the North Korean threat by denial and massive punishment, to minimize the possibility of decoupling the U.S.-ROK-Japan security alliance and to show the military futility of North Korea's nuclear missiles, would weaken Kim Jong-un's expectation for entirely beneficial negotiations after developing viable nuclear weapons.

How Should the World Respond When Countries Such as North Korea Develop Nuclear Weapons and Ballistic Missiles?

Bobo Lo, Lowy Institute for International Policy

What mixture and sequencing of diplomatic, economic, and military tools hold the greatest promise for freezing (and ideally dismantling) North Korea's nuclear weapons and ballistic missile programs?

The Situation

The core issue is that North Korea is a totalitarian regime, headed by an apparently unhinged leader, with nuclear weapons capabilities it could be prepared to use. The threat is exacerbated by North Korea's strategic location at the heart of East Asia—adjoining South Korea and close to Japan, both U.S. allies, and sharing borders with China and Russia.

Any strategy needs to address several critical challenges:

▪ The North Korean regime should be given enough incentive to cooperate in freezing or dismantling its nuclear weapons and ballistic missile programs. A particular issue here is Pyongyang's perception that these weapons are the most reliable (and possibly the only) guarantee of regime survival.

▪ Maintaining the geopolitical balance in Northeast Asia is vital. The potential fragility of the Pyongyang regime opens the possibility of Korean reunification and a consequent shift in the regional balance of power from China to the United States and its allies. In these circumstances, what is the best way to persuade Beijing to put increased pressure on Pyongyang to freeze or abandon its weapons of mass destruction (WMDs)? And how can Beijing's fears about the security and economic consequences of regime collapse in Pyongyang be allayed?

▪ A realistic and enforceable "red line" in relation to Pyongyang's behavior needs to be identified. At what stage does the United States (and possibly others) intervene militarily, and how far would it be prepared to go?

- Formulating and implementing a stable, post-disarmament and postconflict plan is critical. What is the end-game, and how much would external powers be prepared to invest in political will, security guarantees, and economic resources?

Base Assumptions

- That North Korea will abandon its nuclear weapons and missile programs is unlikely. Consequently, no options are good, only less bad, and will still have significant drawbacks. Any lasting settlement will require huge security and economic commitments on all sides.

- Close cooperation between Beijing and Washington is imperative. Unilateral attempts to resolve the North Korean problem will be at best futile, more likely disastrous. Attempts by the Donald J. Trump administration to game Beijing by offering concessions on international trade in return for enhanced assistance over North Korea will not work.

- It is far too early to say that strategic patience has run its course. In its genuine version (as opposed to caricature), strategic patience means both combining different elements within a comprehensive strategy and recognizing that this could take years and even decades to implement.

- The use of force, however limited, will be entirely counterproductive unless accompanied by a long-term strategy for the Korean Peninsula. Demonstrations of force for their own sake risk unintended and unmanageable consequences.

- Clarity of objectives and intentions is vital. The element of surprise is not conducive to a viable approach toward North Korea. Lack of transparency is likewise unhelpful.

- As long as Kim Jong-un remains in power, a more flexible or accommodating position in Pyongyang is not likely—either in North Korea's relations with its neighbors and the United States or on WMDs more specifically. An authoritarian regime could deliver some concessions (though not soon), but a personalized totalitarian regime will not.

Policy Prescriptions

- Revive the Six Party Talks, which include China, Japan, North Korea, Russia, South Korea, and the United States. Within this, resume a four-party format involving China, the United States, and the Koreas.

- Maintain a regular U.S.-China strategic dialogue on North Korea.

- Refine sanctions against Pyongyang, targeting regime financial assets in particular. If subsequent sanctions are envisaged, move to joint trade embargoes led by China.

- Offer Pyongyang incentives: massive financial and infrastructural assistance program (involving China, Japan, and the United States in particular) in return for scaling down North Korean nuclear weapons and ballistic capabilities. Implementation would be in stages and entail joint verification by China and the United States.

- Introduce a twenty-year moratorium on Korean reunification. At the end of this period, hold a referendum in North and South Korea to determine the public's wishes. Reunification could occur only on a two-thirds majority in favor on both sides of the thirty-eighth parallel.

- Offer guarantees of no use of force against Pyongyang as long as it refrains from nuclear weapons tests. In the event of further tests, pursue some or all of the following measures: seizure of regime assets abroad, China-led trade embargo, joint U.S.-China naval exercises in Northeast Asia, and suspension of assistance programs. Crucially, however, the Six Party and quadripartite formats would remain in place, keeping open a vital channel of communication.

- Refrain from military action against North Korea except in the event of direct aggression by North Korean troops against neighbors (China and Russia, as well as Japan, South Korea, and the United States).

How can the nonproliferation regime as a whole, including export controls, interdiction arrangements, and International Atomic Energy Agency safeguards, be strengthened to address today's proliferation threats?

The broader nonproliferation regime presents several complications:

- Giving up WMD capabilities is closely associated with the weakening or collapse of regimes—witness the cases of Iraq, Libya, and Ukraine. The Trump administration's threats against Iran, despite Tehran's abiding by the nuclear deal, reinforce this nexus. The natural reaction of at-risk regimes is to retain and even develop their WMD capabilities as the best ways of leverage and survival.

- The tendency of great powers to protect client states undermines efforts to counter WMD proliferation. A recent example is Russia's response to the use by the Bashar al-Assad regime of chemical weapons at Khan Sheikhoun. WMD nonproliferation is seen as a lesser priority than geopolitical influence.

- The nonproliferation regime cannot be strengthened or even maintained as long as relations between the two main nuclear weapons states remain extremely difficult. Context is (almost) everything. Without enhanced strategic nuclear cooperation between Moscow and Washington, other measures—export controls, interdiction arrangements, and International Atomic Energy Agency safeguards—will have only peripheral effect.

- The prospect of significant progress in WMD nonproliferation is absent as long as Russia and the United States insist on preserving their overwhelming superiority in this area. Suggestions that future rounds of strategic disarmament negotiations be multilateralized, that is, include China and other nuclear-armed states, are unrealistic. These countries will not reduce their WMD capabilities when these are already so vastly inferior to those of Russia and the United States. A related issue is the refusal of Russia and the North Atlantic Treaty Organization (NATO) to subscribe to a no-first-use policy on nuclear weapons.

What policies have proved most effective at curbing the development and expansion of nuclear weapons and weapons capabilities? How can they be institutionalized into a more permanent multilateral framework?

The most effective policies at curbing the development and expansion of nuclear weapons have been bilateral—between the Soviet Union (or Russia) and the United States.

This bilateralism is the basis for any serious effort to contain WMD proliferation. A multilateral framework could be a useful supplement but would be entirely ineffectual without it. With this in mind, future progress will depend on

- a sea change in the broader U.S.-Russia relationship,

- further significant cuts to U.S. and Russian nuclear arsenals without making these conditional on reductions by other nuclear weapons states,

- NATO and Moscow signing up to a no-first-use policy, and

- joint NATO-Russian security treaty guarantees to countries that freeze or dismantle their WMD programs (although these commitments may or may not be believed).

How Should the World Respond When Countries Such as North Korea Develop Nuclear Weapons and Ballistic Missiles?

Fernando Petrella, Argentine Council for International Relations

The Democratic People's Republic of Korea (DPRK) has been disregarding UN resolutions on nonproliferation since 1993. In 2009, North Korean authorities decided to no longer cooperate with the International Atomic Energy Agency (IAEA) and requested that inspectors leave the country and dismantle all offices and facilities. This attitude undermined the Nuclear Nonproliferation Treaty (NPT) and the mandate of control and verification given to the IAEA. UN Secretaries-General Boutros Boutros Ghali, Kofi Annan, and Ban Ki-moon pointed out the situation in annual reports to the UN Security Council and General Assembly. In the reports covering 2011 to 2013, Ban   warned about the use of ballistic missile technology and violations of UN Security Council Resolutions 1718 (2006) and 1874 (2009). Yet the situation continued to worsen despite the efforts of the Security Council to curb North Korea's nuclear ambitions and the determination that "proliferation of nuclear, chemical, and biological weapons, as well as their means of delivery, continues to constitute a threat to international peace and security." Today, North Korea's capacity to develop nuclear weapons and ballistic missiles creates instability in the region and concern around the world.

North Korea tested a ballistic missile just one day before U.S. President Donald J. Trump and Chinese President Xi Jinping met for the first time. According to Jennifer Slaats of the U.S. Institute of Peace, the United States and China blame each other for failing to curb the DPRK missile and nuclear threat, while the rest of the region expects results.

These are the facts, and there are no easy options. Perhaps, one day soon, the issue will be studied: why—after so many years and repeated warnings from the UN secretaries-general—the world remains incapable of truly dealing with situations that so clearly bring about regional and global insecurity. This is an urgent task owed to new generations of diplomats and international politicians in a world that has become more unilateral, dynamic, horizontal, and less prone to the norm of countries gently abiding by rules supposedly crafted on standards that benefit the powerful.

What mixture and sequencing of diplomatic, economic, and military tools hold the greater promise for freezing (and ideally dismantling) North Korea's nuclear weapons and ballistic missile programs?

Diplomacy is only an instrument. With imagination, it can take many shapes: special envoys, troikas, sherpas, honest brokers, approximators, mediators, groups of friends, panels of experts, or Six Party Talks. According to the Council of Councils Report Card on International Cooperation 2015–2016, the Six Party Talks, "the primary vehicle for a diplomatic solution to North Korea nuclear program, remains dead since 2008." This blunt statement raises the question of what can be done. The simplest theory of negotiation states three scenarios. First, the parties wish to negotiate because the cost of conflict is greater than the cost of a compromise. Second, no party wish to negotiate because the cost of conflict is less politically damaging than the cost of a compromise. Third, one party pressures to negotiate (the rest of the world) and the other does not respond (North Korea), because the conflict is part of the other party's identity, stability, and place in the world. In the third scenario, which the world finds itself in, bribing the delinquent state (North Korea) with inducements is to no avail. The Latin American cases of Cuba (Barack Obama's détente) and now Venezuela (Organization of American States, European Union, and so on) are proof.

Nevertheless, with regard to North Korean unruliness, a number of new elements could alter the stagnant panorama. First, UN Secretary-General Antonio Guterres is a strong and experienced diplomat from outside the region. He is outspoken and can play a significant role, as he showed in the latest Nuclear Security Conference. Second, the Trump administration is more assertive and less doctrinal than the previous administration. Military action in Syria is an example. Third, China seems to have become receptive to open trade, clear rules, and multilateral arrangements, as seen in the Group of Twenty and UN Security Council. Fourth is pressure from the specialized media for a new approach to North Korea.[1] Fifth, the possibility is no longer remote that weapons of mass destruction could end up in the hands of terrorists. This also concerns Russia. Sixth and final, the April 7 meeting between Donald J. Trump and Xi Jinping regarding North Korea resulted in the commitment to a denuclearized Korean Peninsula and increased cooperation to convince the DPRK to abandon its weapons program.

This new scenario suggests that an urgent, comprehensive negotiation is needed. The nuclear framework achieved with Iran can serve as guidance. But unlike Iran, North Korea is an isolated, poor country with few trading partners. China, India, Pakistan, Philippines, and private companies from the region are fundamental to North Korea's economy, particularly China and India. Even if most of North Korea's partners do not believe in the NPT, their participation in a renewed effort coordinated by the UN secretary-general is necessary. Also, North Korean authorities should get a clear message that nuclear and ballistic missiles capabilities and tests are no joke and that they risk a robust military response with dire consequences. Diplomacy and inducements, without a strong hand, can again prove to be frustrating.

How can the nonproliferation regime as a whole, including export controls, interdiction arrangements, and IAEA safeguards, be strengthened to address today's proliferation threats? What policies have proved most effective at curbing the development and expansion of nuclear weapons capabilities? How can they be institutionalized into a more permanent multilateral framework?

To negotiate and conclude a new international disarmament convention is a long and difficult task. The NPT has never been popular among the majority of UN member countries, yet the process of reviewing and revising it is on course, with a possible emphasis on Article 6, and hopefully results will be gradually achieved. The so-called Treaty to Ban Nuclear Weapons is opposed by the United States, Russia, and other nuclear countries,

as well as their allies, and successful agreements on land mines, chemical weapons, and cluster bombs are directed to a different type of conflict.

First, the fundamental element to address today's proliferation threats is strengthening IAEA capabilities. The IAEA track record has not been encouraging in the cases of Libya, Syria, and Iran.[2] But effective capabilities require full cooperation and transparency from governments to curb any hint of proliferation (domestic and export controls) and a permanent dialogue and exchange of information with IAEA inspectors. However, unlawful countries will not cooperate and some intelligence work will probably be necessary. Even if inspectors' efficacy depends mostly on open source information and government goodwill, their task has no substitute under international law.

Second, governments should share information with one another—for example, the Brazilian-Argentine Agency for Accounting and Control of Nuclear Materials—and make arrangements to comply with the additional protocol providing access beyond safeguard agreements.

Third, nuclear-armed countries should set the example under NPT Article 6 and be open to cooperate beyond the Cold War spirit.

Fourth, the danger of terrorism is part of everyone's life today. It should no longer be romanticized as it was when it was only a Latin American Guevarista experience.

Fifth, cooperation with the Security Council ought to be frequent and consistent. Recent debates on Security Council Resolution 1540 (2004) related to nonproliferation of weapons of mass destruction, provide a valuable example, as seen in the 7,900th meeting in March 2017. Besides, under Chapter 7 of the UN Charter—mandatory for all member states—the Security Council can provide rapid responses to any serious violation of the NPT or any other related issue to weapons of mass destruction. Listening to early warnings of secretaries-general is paramount to enabling prompt reaction.

Sixth and final, the remarks made by the UN secretary-general during the Nuclear Security Conference should be taken into account—in particular, the notion that multilateralism is an indivisible approach to current threats and more necessary than ever.

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How Should the World Respond When Countries Such as North Korea Develop Nuclear Weapons and Ballistic Missiles?

Leigh Morris Sloane, International Institute for Strategic Studies

History has shown that countries generally pursue a nuclear option when they believe they face an existential threat and are searching for the ultimate deterrence. Each country's situation is unique; pursuit of nuclear weapons is based on a nation's history, location, and perceived threats to its security, and on the mindset of its leaders. The world's response to a country trying to develop nuclear weapons should be finely calibrated to address each situation. The common denominator is that success often requires full cooperation from all global powers to enact the right mix of incentives and disincentives to change a country's calculus and ultimately its behavior. Nonproliferation success over the past sixty years has been a mixed bag, but many experts would agree it has been more successful than not.

The case of North Korea, however, has been particularly tricky. The missteps of past U.S. administrations in preventing North Korea from reaching its present state can be debated, but it looks increasingly clear that at this point the most to work toward in the short term is a freeze on North Korea's further development of its nuclear and ballistic missile capabilities with a long-term goal of a rollback. North Korea has now enshrined nuclear-armed status in its constitution and Kim Jong-un has made it his signature policy slogan. The North's recent large display of missiles at the April 15 Day of Sun celebration and preparations for a sixth nuclear test has moved the saber rattling to a new level. U.S. President Donald J. Trump's belligerent rhetoric is clearly making everyone nervous.

The question now is how do countries, particularly China and the United States, provide both pressure and an off-ramp for Kim. Sanctions have been a preferred method to coerce change generally among those developing nuclear capabilities. However, the leadership's clear disregard for the economic welfare of its people reinforces a tenacity not to cave in to international pressure. Tightened sanctions would also likely take at least a year to two to reach a point at which the regime could respond to outside demands, and at that point, North Korea could be significantly further along in its development of a nuclear weapon capable of reaching the U.S. mainland. So, although efforts at tightening sanctions need to be made, likely with secondary sanctions on those entities that continue to enable North Korea to access hard currency and income, they will likely have limited utility in the short term. North Korea's long-standing paranoia of the United States, Japan, and South Korea, coupled with an entrenched nationalist ideology, make change difficult to coerce.

Trump and his cabinet officials have insisted that military options are on the table. However, the United States has no viable option for preventive military intervention. The peace is too precarious on the Korean Peninsula. The North would almost certainly see any U.S. military strike as an act of war. Retaliation—likely with conventional forces—on South Korea would be swift and devastating. Furthermore, a preventive action would generally not be condoned under international law and would be a tough sell. The United States would need to closely consult with its allies, South Korea and Japan, who would bear the brunt of North Korean retaliation, and it looks highly unlikely that either country would agree to preventive strikes. Furthermore, military action against North Korea would likely then pull China into the fray, a nonstarter equation. A preemptive strike in the face of an imminent North Korean launch is likely the only moral and rational circumstance for military force but would still lead down the same road in terms of results.

Discussion has circulated that the United States is pursuing either cyberattacks or infiltration of the supply chain to disable North Korea's ability to successfully launch missiles. These efforts could be having some impact, but not all missile launches are susceptible to cyberattacks. However, the added disruption and psychological effect could provide enough pressure to assist with efforts at diplomacy.

As the United States considers how it could orchestrate an off-ramp for Kim Jong-un and his determination to make North Korea a recognized nuclear power, China will be a critical participant. The question experts often raise is how much influence and power China really has over North Korea's behavior. The Kim dynasty has had no love for China and has a history of getting what it wants from China without making many concessions. The Kim dynasty has also excelled over its history at maneuvering its way through the minefields of the ups and downs of U.S.-China-Russia relations and getting what it needed to keep the regime intact.

From early on in North Korea's history, the pursuit of a nuclear deterrent has been central to its thinking. Although North Korea is generally a thorn in China's side, China is concerned, more from a political and precedence-setting perspective, by the prospect of a Western-allied unified Korea on its border and could see a diplomatic opportunity to leverage its assistance for real gains over issues such as Taiwan and the South China Sea. At the end of the day, Beijing's requirements for being useful could be too high a price for Washington to accept. However, if the United States can show enough resolve in its efforts to work with the Chinese to address North Korea's defiance such that it creates real doubt in Kim's mind that he could successfully play off these powers, then an opportunity for progress toward a freeze could exist.

Given that every direction seems to lead to a dead end, the most the United States and its allies can likely hope for is to contain North Korea. Washington should continue to ensure Seoul and Tokyo of its security guarantee and keep them from pursuing their own nuclear capabilities. Regime change, internally driven and leading to a North Korea that sees the world as a less threatening and hostile place, could be the only true hope for rolling back North Korean nuclear pursuits.

The United States has taken the lead in developing the various nonproliferation regimes beginning with President Dwight D. Eisenhower's proposal in 1953 for an international regime to control the use of nuclear power that led to the United Nations' creation of the International Atomic Energy Agency (IAEA) in 1957. A high-priority IAEA goal is to ensure the peaceful use of atomic energy. It has been the bedrock of the nonproliferation ecosystem, which comprises a variety of treaties, conventions, bilateral agreements, and ad hoc ar-

rangements. Given its outsize imprint on the global security and financial architecture, the United States remains the critical actor, with the cooperation and input of an array of other countries and multilateral organizations, in stemming nuclear proliferation. Ensuring the United States stays vigilant in this role will be an imperative for the Trump administration.

Session Four

Is the European Union Worth Saving? If so, What Should Be Done?

Panelist Paper

Regroup and Reform: Ideas for a More Responsive and Effective European Union

Council of Councils Annual Conference
May 7–9, 2017
Council on Foreign Relations, Washington, DC

Steven Blockmans, Centre for European Policy Studies

History has shown that political crisis often follows economic shock. The 1929 Wall Street crash helped precipitate the descent into fascism in Europe, and current-day illiberalism has its origins in the financial crisis of 2007–2008, which started in the United States but proved more protracted and devastating in Europe. As the tide of popular discontent continues to sweep the old continent, new political battle lines are being drawn. The left-right divide has become less significant; the real conflict now playing out is between those who believe in an open, free, and global society and those who do not. It is this tension that has led to the rise of the self-proclaimed counterrevolutionaries, who have even changed the way in which European Union (EU) member states such as Hungary and Poland are being governed. It is the same tension, albeit with a much more pronounced anti-EU streak, that has powered the electoral campaigns in the Netherlands and France, and that continues to fuel those in Germany and the Czech Republic, to name just a few member states that will hold elections in 2017.

The EU has already been weakened by a series of referenda, most recently in Denmark (against closer cooperation with other member states on issues of justice and home affairs), the Netherlands (against the EU-Ukraine Association Agreement), and, most spectacularly, the United Kingdom (against membership full stop). Whereas Euroskeptic parties and anti-EU movements continue to gain strength, it is unlikely that their electoral gains will translate into the power of government. Nonetheless, their advances are hampering the European integration process.

Citizens need to be reminded of the enormous benefits the EU has brought them. Not only did the European integration project break the endless cycle of warmongering and vengeance in Europe, but also as a political project, it embodies a community of values, rights, freedom, and justice that is the envy of much of the world. Thanks to this founding vision and the untiring commitment of all member states to cooperate, seek compromise, and reach agreement, an intricate fabric of socioeconomic and cultural ties has been woven over the past six decades, producing so many benefits to citizens, businesses, and states that it would be counterproductive and extremely costly to unravel it. Although Brexit shows that even the high economic costs of disintegration are no reason for it to not happen, the political culture and prevailing attitude toward the EU in many parts of the United Kingdom are distinctly different from those in the rest of Europe.

In the wake of the UK referendum and ahead of the sixtieth anniversary of the Treaties of Rome, the governments of the other member states resolved to remain united in diversity: "The EU is not perfect but it is the best instrument we have for addressing the new challenges we are facing." The EU is fragile at the moment and should therefore be handled with care. Leaders, of all political colors, from the twenty-seven member states of the EU (EU27) feel the need to protect the unsung rights of citizens and enterprises that were acquired during the European integration process; rights ranging from the free movement of goods, services, capital, students, workers, and pensioners to higher product and environmental standards, cheaper air travel, and lower roaming charges. Securing these and other benefits, and indeed the way of life that Europeans have become accustomed to, requires continued cooperation among EU institutions.

This is not the time for more muddling through. Maintaining the status quo will inevitably lead to regression, not only because of the "poly-crisis" affecting the EU but also because of the structural weaknesses undermining EU countries' capacities to perform as member states. The recent mass protests against corruption in Romania show that such slow-burning crises can become flash points. The EU should avoid getting drawn into paralysis: reform should take priority. In the words of the EU27: what is needed is to "broaden EU consensus" and "apply the principles of responsibility and solidarity." Admittedly, this sounds like dull, bureaucratic Eurospeak. One lesson of 2016 was that large numbers of voters were seduced by populist slogans bashing the EU, whereas responsible politicians struggled to come up with convincing counterproposals that offered an attractive vision of a better-functioning and reformed EU.

This raises the question of whether, apart from a better communication strategy, the EU needs a big, showy initiative to halt its decline. Arguably, it does not. It is easy to romanticize the big ideas of the past, but behind the single market—the EU's flagship policy of the 1980s—was lots of tedious micro-work. There is no silver bullet to reboot the EU and even if a politician had one in mind, it could still inadvertently hit the union. The EU's vulnerability is its failure to complete ambitious changes. Twenty-five years ago, the Maastricht Treaty ushered in the euro and greater cooperation among member states on justice, home, and foreign affairs. Despite weaving faults into the original designs of the eurozone and the Schengen area, Euro-enthusiasm flourished in the 1990s and early 2000s, benefiting as it did from the creation of the single market and the prospect of the reunification of the continent. When the climate in Europe changed in the second half of the previous decade, the weaknesses of political elites has been to push through half-hearted improvements to their faltering European projects, overriding the outcome of several referenda. This can no longer be the way forward. Whereas the message from the (albeit slim) majority of British voters in last year's referendum was one of "taking back control"—away from the treaty-based philosophy of "ever-closer union," recent Eurobarometer and EUpinion polls suggest that European citizens trust the EU more than their national governments: they support the euro and overwhelmingly want to see a better-functioning EU in core areas such as migration, internal and external security, the environment, and public investment.

Recommendations

How the EU responds to these challenges will define the next era of cooperation and integration in Europe. Leaders should support a raft of initiatives to improve the security and livelihoods of citizens across Europe.[1] And, rather than ignoring dissent, the EU should be nimble and flexible in its approach to keep its constituents, that is, the member states and the citizens, wedded to the project of European integration. By proposing and

clearly communicating concrete ideas and recommendations to enhance the prosperity and security of European citizens—in ways beyond what the member states can offer, yet restrain the institutions' unnecessary meddling in national affairs, the EU can show value added and steal the demagogues' thunder.

The answer to addressing citizens' concerns lies in developing an agenda for the future that restores a keener sense of internal and external security, as well as socioeconomic welfare for European citizens. This requires improved cooperation among services in fighting terrorism, a reinforcement of the EU's external borders to allow for the internal border-free area to function properly, genuine defense integration, and greater investment, employment, social inclusion, and convergence in the eurozone and the EU as a whole.

The EU should endorse a broad agenda but give priority to wrapping up unfinished business. This pertains, in particular, to the security of its borders and to the management of the euro area. But urgent action should also strengthen both the participation of citizens and their representatives in EU decision-making processes and the supervision and enforcement of the commitments made by their governments at the European level, especially those flirting with illiberalism.

No effort should be spared to introduce improvements *à droit constant*, that is, within the context provided by the current treaties. Although treaty change remains a moot issue in this decisive electoral year, it is the only way to override the constraints of primary EU law. In any case, Brexit will force an amendment to the constituent treaties. Treaty change should therefore not be a taboo subject. In the long term, it is the natural way to equip the European community of law to meet tomorrow's challenges.

Endnotes

1. For more precise recommendations on each of these points, see Steven Blockmans and Sophia Russack, "Regroup and Reform: Ideas for a More Responsive and Effective European Union," CEPS Series: Task Force Report, February 2017, http://ceps.eu/publications/regroup-and-reform-ideas-more-responsive-and-effective-european-union.

Panelist Paper
A Union at Risk

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Ettore Greco, Institute of International Affairs

The European Union (EU) is still mired in a crisis of confidence and legitimacy of unprecedented proportions that threatens to block or even reverse the European integration process and could eventually result in the breakup of the eurozone. However, a few recent developments have been interpreted as indicating that the crisis has passed its peak and that, after all, the EU—and the eurozone itself—are more robust and resilient than usually assumed. This emerging perception could induce a dangerously complacent attitude that the EU leaders can, in fact, ill afford given the destabilizing structural factors that continue to be at play. What is needed, therefore, is a sober assessment of the persistent challenges and risks that the EU is facing and the possible ways and means it can adopt to sort out of the present crisis and resume a sustainable integration path.

The success of Emmanuel Macron, a centrist, staunchly pro-EU candidate, in the first round of the French presidential election has been welcomed with a resounding sigh of relief in European-minded circles across the continent. Other far right anti-EU parties had previously suffered electoral setbacks, including Geert Wilders' Party of Freedom, which failed to come first in the Dutch parliamentary election in March this year, and the Freedom Party of Austria, whose candidate Norbert Hofer was narrowly defeated in the presidential election of December 2016. Optimistically, these electoral results can be taken as a sign that the populist wave is now receding and a backlash is taking place. More realistically, one can take note that anti-populist parties and candidates can still prevail if they are able to renew their platforms or, in the case of new political actors such as Macron, offer attractive alternatives to a disenchanted electorate. Other populist anti-EU parties, such as Alternative for Deutschland (AfD) in Germany and the UK Independence Party (UKIP), now appear less threatening because of their deep internal divisions, volatile platforms, or the lack of a credible leadership.

The fact remains, however, that in several countries, movements and parties outright hostile to the EU are much stronger and more influential than they were a decade ago. Particularly insidious are the proliferating calls for national referenda on EU membership, the euro, or both. Opinion polls show that in most member states, popular approval for the EU remains historically quite low despite a limited rebound recently recorded in some of them. The important factors that have boosted populist groups across Europe in the last decade—chief among them high unemployment rates, stagnant incomes, rising inequality, and immigration—are not doomed to disappear in the short and medium term. Most probably, therefore, radical anti-EU populism that

exploits popular discontent fueled by these persistent economic and social factors will continue to pose a formidable challenge for the European project in the years ahead.

The results themselves of the first round of the French presidential elections have highlighted the extent of the anti-EU sentiments in France. Almost half of the electorate voted for candidates who were either deeply critical of the EU or openly in favor of leaving it or the euro. This is hardly surprising, because in France, even more than in other member states, the support for the EU, according to opinion polls, has plunged in parallel with deep dissatisfaction with the establishment parties and, more broadly, the domestic political system. In France, as in other EU countries, the growing political polarization reflects deep fractures between globalized cities and depressed rural areas: a phenomenon not dissimilar from the one that led to the vote for Brexit and the election of Donald J. Trump. As a matter of fact, in several EU countries the decline of mainstream parties is dramatically changing the political scene, making it increasingly difficult to form stable government coalitions. For example, if Macron defeats Marine Le Pen in the runoff, his ability to win the June parliamentary election and put together a working majority is a questionable, not to speak of his promise to transform the French political system. Although in most EU countries, anti-EU parties do not seem to be on the brink of taking power, they have often been able to reshape politics, by, in particular, inducing mainstream parties, notably center-right ones, to embrace some of their anti-EU claims centered on the need to preserve national sovereignty. It is, however, remarkable that pro-EU leaders such as Macron in France and Angela Merkel and Martin Schulz in Germany, who enjoy relatively high popular ratings, have shown a great deal of resolve and consistency in challenging the populist rhetoric.

Another major, and related, source of concern is the trend toward growing authoritarianism in Hungary and Poland. The "illiberal democracy" model, advocated by the Hungarian Prime Minister Viktor Orban since 2010, which attributes absolute priority to the majority rule to the detriment of political pluralism and the rights of minorities, is in stark contrast with basic principles of the EU. The attacks on media, civic society organizations, and academic institutions risk to fatally undermine the system of checks and balances, paving the way for autocratic regimes. So far, however, the response by EU institutions to the growing internal threat to its founding principles has been timid—they have mostly limited themselves to verbal protests—not least out of fear that punitive action can open additional destabilizing fractures within the union, in particular with the Visegrad group as a whole, at a time when other internal fragilities are jeopardizing its cohesion. However, authoritarian leaders like Orban are in constant search of popular legitimacy, especially for moves that openly challenge established EU policies. This attitude exposes such leaders to political setbacks such as the failure of the referendum called by the Hungarian prime minister against the EU's migrant distribution scheme in October 2016. Their grip on power could thus prove less solid than it appears at a first glance.

There are also encouraging developments on the fronts of both the economy and migration, which arguably could help the EU face the populist challenge. All EU countries are now experiencing economic growth, although quite modest in most of them. Also, the eurozone appears more stable than in the recent past. Indeed, one should not underestimate how much a further improvement of the economic situation and a feeling of greater stability could contribute to changing the public mood toward national and European institutions. Yet, the state of public finances and that of the banking system are still precarious in several countries, including Italy, which is being increasingly perceived as the eurozone's weakest link. It is also doubtful that the EU and the International Monetary Fund will be able to cobble together a new rescue package for Greece. All this continues to make the financial markets nervous also in view of the expected—more or less gradual—end of

the expansionary policy of the European Central Bank (ECB). The eurozone mechanisms are widely considered to be still ill-prepared to manage a renewed financial crisis generated by internal or external factors—an eventuality against which virtually all international financial institutions have recently warned. Moreover, the gap in economic performance between northern and southern countries has not been reduced. The lack of economic convergence—arguably one of the EU's big failures—is at the root of the mutual distrust that is preventing the member states from agreeing on further steps to reform the European economic governance.

Thanks to the reintroduction of border controls in many places and the deal with Turkey, the flow of migrants and asylum seekers into the EU along the Balkan route has been successfully contained. Blocking the migrant pressure was indeed seen by the leaders of central and northern countries as crucial to reversing the loss of consensus caused by the feeling of out-of-control flows—one of the main factors behind the rise of populist movements. However, as a result of the restrictive measures imposed on the free movement of people, the Schengen frontier-free system has been seriously destabilized, and it is unclear if or when it will be fully re-established (the European Commission now foresees that it will take another six months). Also, there is widespread concern that the deal with Turkey can fall apart at any time because of the recurrent tensions with Turkish President Recep Tayyip Erdogan. More worryingly, the migration crisis has continued unabated along the Central Mediterranean route linking sub-Saharan Africa to South Europe through Libya. The migration pressure on Italy in particular has become increasingly unsustainable. The failure of the plan to redistribute the refugees arriving in Greece and Italy has continued to generate deep acrimony among member states, especially because of the staunch refusal by Central European countries to implement it.

The Brexit issue will also put the cohesion of the twenty-seven remaining member states to a serious test. By rapidly and unanimously approving the guidelines for Brexit talks on April 29, they showed a considerable unity of purpose and a firm determination to negotiate as a single entity. Moreover, the tone used by UK Prime Minister Theresa May in the letter with which she triggered the exit process appeared more accommodating than her past statements, raising hopes that there could be a greater room for compromise on Brexit than previously feared. Not less significant, May has accepted the prospect of transitional arrangements after March 2019, the deadline to complete the divorce. Even the snap general elections of June 8 could eventually facilitate the search for a compromise. Indeed, if, as widely expected, the election gave May a much bigger majority at Westminster, she would be in a stronger position to convince her party to make concessions and would certainly have better chances to get the deal through parliament. The fact that her leadership has so far lacked popular legitimacy has been a major factor of uncertainty, which would have represented a considerable obstacle to successful negotiations. Europhiles also hope that the electoral campaign can give the advocates of a softer Brexit the chance to make their voice heard. However, there remain substantial divergences between the EU guidelines and the position of the UK government which will not be easy to iron out, including the thorny issue over the size of the exit bill that the EU asks Britain to pay, which is doomed to remain in the limelight. The negotiating mandate that May will seek from the British electorate could even amplify those divergences. Moreover, the extremely tight timetable will not help: with the ratification process expected to take about six months, there will be little more than a year for the negotiations. While much uncertainty remains on the type of trade partnership that the EU and the UK will be able to build, there seems to be a convergent interest in preserving cooperation in the defense area as well as in the fight against terrorism and organized crime.

Arguably, the widely perceived risk of a Brexit domino effect within the EU has receded, but the British example is likely to remain a source of inspiration for various stripes of anti-EU movements. Unavoidably, Brexit

discussions will absorb a lot of time and energy of the EU governments and institutions in the coming two years, complicating the management of other vital political matters. In addition, the imperative to preserve unity over Brexit can induce the EU institutions to become even more cautious in pushing for integration plans that could create divisions among the member states.

These factors of internal crisis and structural deficiencies are compounded by a set of mounting external challenges. The migration crisis itself is the result of the highly destabilized situation in the Middle East and North Africa region, on which the EU seems to have little, and indeed declining, influence. The recent wave of terrorist attacks on European soil, instigated by the self-proclaimed Islamic State, has become a litmus test of the member states' capacity to protect their citizens and deepen their cooperation in the field of justice and home affairs. EU countries have presented a broadly active and united front in countering the Russian external aggressiveness, but it has become increasingly clear that Russian President Vladimir Putin is also seeking to undermine the EU by interfering in its internal politics through support for radical anti-European groups. President Trump has himself made no mystery of his disregard for the EU and his deep enthusiasm about Brexit. He has also cultivated relations with anti-EU parties active across the Atlantic. Trump's manifest predilection for bilateralism and his declared intention to deal with major European countries, rather than with the EU as a whole, could become, in some circumstances, a source of divisions among member states.

A Roadmap to Exit the Crisis?

Realistically, no major initiative will be undertaken to relaunch the integration process or reform the EU's policies before the end of the current electoral season, notably before the parliamentary election in Germany in September this year. This is also the time horizon indicated by the European Commission in its recent white paper which, tellingly, limits itself to sketching out five scenarios for the future of the union, covering a wide range of different options. The white paper has been presented as just the start of a Europe-wide debate, the first conclusions of which could be drawn at the European Council of December 2017, while a concrete program of action is expected to be unveiled ahead of the election of the European Parliament in June 2019. This rather lengthy timetable and the European Commission's disconcerting choice to abstain from offering straightforward policy recommendations at least at this stage are indicative of the current impasse in the debate on the future of the union due to the divergences among the member states on the most appropriate course of action and the widespread opposition to new steps toward a closer union.

However, there have been several attempts in the last few years to set in motion new integration plans in various policy fields. It is widely recognized that the economic governance architecture of the eurozone remains dangerously incomplete. The new role of the ECB as lender of last resort and the mechanisms introduced to deal with the economic crisis such as the European Stability Mechanism (ESM) and the ECB's supervision on the largest European banks do not appear strong enough to ensure a prompt and effective response in the event of new financial crises. A crucial document for the reform of economic governance remains the five presidents' report of 2015 that favors a much more integrated architecture of the eurozone based on the "four unions" concept. However, important measures proposed in the document has been put on hold because of fundamental divergences among the member states. The completion of the banking union, in particular, is blocked by Germany and other countries which fear that such instruments as the foreseen common deposit insurance can encourage moral hazard and lead to a "transfer union." For the same reasons, they oppose any idea of debt restructuring or "eurobonds" to help member states in financial trouble. As a result, it remains highly uncertain if and when the reform process of the eurozone architecture can be resumed. At the same

time, some EU leaders, including Macron, are promoting bolder ideas such as the creation of a eurozone finance minister and a eurozone budget, which have also been floated by EU institutions in several documents. It is worth noting that, in his electoral platform, Macron proposes a trade-off between the acceptance by Germany of those ideas aimed at reinforcing the eurozone architecture and the implementation of a far-reaching plan of economic reform in France.

The European institutions have recently undertaken numerous initiatives to deal with the migration crisis, aimed at ensuring a higher degree of integration and solidarity among the member states. Indeed, with the Schengen regime at a risk of collapsing, the EU urgently needs to acquire a greater capacity to manage the persistently massive migration flows and ensure a more effective management of external borders. However, major obstacles, mostly of a political nature, are preventing the achievement of this goal. The failure to implement the refugee distribution plan and to reform the Dublin agreement, which regulates the responsibility for examining the asylum seekers' applications, continue to create enormous problems for countries most exposed to the migration wave, fueling anti-EU sentiments among their populations. If fully implemented, the plan to build a European border and coast guard agency approved by the EU Council in September 2016 and other planned measures to control the EU's external borders can have a considerable impact. Yet, a more equitable burden-sharing among the member states in dealing with migration flows remains essential to preserve the Schengen system and the fundamental principle of free movement of people. Recently, the EU has also placed growing emphasis on the external dimension of migration policy, particularly on the need to establish partnerships with countries of origin and transit for a joint management of migration flows. It should be added that in the realm of justice and home affairs, important steps have recently been taken to deepen cooperation on terrorism and organized crime. Opinion polls show that most EU citizens support the prospect of greater integration in this field.

The debate over the creation of new instruments and capacities in the field of defense policy has also intensified, partly as a reaction to the referendum in Britain, traditionally a staunch opponent of an independent European defense posture. Following the publication of the EU Global Strategy in June 2016, EU institutions have approved several documents calling for the development of the union's defense dimension. Even the controversial idea of setting up an operational military headquarters for the conduct of civilian and military operations seems to have gained some ground. The debate focuses on the Permanent Structured Cooperation (PESCO) foreseen by the Lisbon Treaty, which would allow a group of willing and able member states to establish deeper and more stable forms of defense cooperation by reducing the current shortcomings in defense capabilities. Effective implementation of PESCO could become a game changer in advancing joint capability development projects, but the credibility of the EU as a single defense actor will also—and primarily—continue to depend on the degree of operational and political cooperation that the member states, especially the major ones, will be able to develop in facing the emerging security challenges. To this end, institutional and operational links with NATO also need to be reinforced.

If implemented, some of the plans for deeper cooperation and integration in the fields mentioned above can contribute significantly to relaunching the European project. There are, however, three more general questions that will continue to be central to the debate on the future of the EU. The first relates to the method, or modus operandi, of the union. Some critics argue that it has become increasingly intergovernmental, as shown by the growing role acquired by the European Council—that is by national capitals—in the last decade. As a result, the so-called community method based on the role of common institutions appears to have been weakened. In reality, however, several initiatives undertaken in response to the economic crisis have in parallel

strengthened the powers of the more "federal" EU institutions such as the ECB and the Commission itself. This indicates that the EU will most probably continue to be ruled though a mix of inter-governmentalism and community method, especially in the eurozone context, although the balance between the two components will be subject to continuous change. A single coherent blueprint for the EU's decision-making on governance is unlikely to prevail.

Even more politically divisive is the problem of the balance of power among the member states, which could be exacerbated from the Brexit result. One can expect that, with the end of the triangle among Britain, France, and Germany, the dominant role of Germany, which has caused much resentment in several countries, especially in South Europe, will grow further. With Macron at the Elysee, there could be a better chance for a renewed Franco-German partnership—provided that he manages to forge a workable majority at the National Assembly—but the prospect that Germany or a revamped Franco-German coupling will provide the needed political impulse to relaunch the European project remains highly uncertain.

Finally, the EU institutions continue to face a huge democratic accountability problem, which has manifestly deepened despite the stronger powers attributed to the European Parliament under the Lisbon Treaty. New transnational mechanisms of democratic participation, such as the indirect election of the Commission President through the so-called *Spitzencandidaten*, have also had little impact. The growing role of the EU institutions in shaping the economic policies of the euro countries makes particularly urgent the establishment of new forms of democratic control for the eurozone.

The Dilemmas of Differentiated Integration

The notion that EU member states should be allowed to pursue different integration paths—or commit themselves to varying degrees of integration in the various policy areas—has been increasingly presented as a pragmatic way to keep the EU united in the face of the mounting centrifugal forces and, at same time, keep open the prospect of growing integration for the willing and able. The viability of differentiated integration as a blueprint for the future modus operandi of the EU seems to be confirmed by the numerous opt-outs from common policies already existing in several policy fields, notably the eurozone, the Schengen regime, internal security, and defense policy. Also, the notion has been embraced in several EU official documents, including most recently the Rome declaration adopted on March 27, 2017. It states that all member states should move "in the same direction," although "at different paces and intensity," a soft version of differentiated integration that reflects the concern to limit the degree of divergence and preserve a unity of purpose within the EU as a whole. The commission's white paper considered a somewhat more radical scenario characterized by the emergence of "coalitions of the willing" in one or more policy sectors.

There are indeed various possible models of differentiated integration. One basic distinction is between temporary differentiation evoked by the "multi-speed" Europe formula, which implies the same destination for all, and a more stable or permanent one typical of the "variable geometry" model, which accepts that the different views and interests with regard to the integration process are irreducible even in the long run.

These varying views on differentiated integration reflect, of course, different types of concerns about its implications. One is that a more pronounced and formalized differentiation could accelerate rather than help avoid the risk of disintegration of the EU in the absence of a commonly shared view on the overall direction of the integration process. More politically relevant is the fear voiced by those that would probably remain

outside the vanguard groups or the inner circle that they would be marginalized and fatally lose influence in the EU's decision-making. In view of the Brexit challenge, prudence could also suggest not to proceed along the differentiated integration path for the sake of unity. Clearly, differentiated integration is no magic formula and remains politically controversial.

One established form of differentiated integration, the enhanced cooperation procedure foreseen by EU treaties, is based on relatively clear rules. Other forms of differentiated integration involving only a limited number of member states could pose politically sensitive dilemmas with regard to the legal framework; the decision-making procedures, in particular the role played by common institutions; the degree of openness to potential latecomers; the mechanisms to ensure democratic accountability; and the mechanisms to raise the needed financial resources.

Not to be underestimated, on the other hand, is the push for repatriation of some competences from Brussels to national capitals on the basis of stricter interpretation of the subsidiarity principle as asked, in particular, by the Dutch government. However, even among those in favor of reducing the sphere of action of the EU, there is little agreement on how to achieve that. For instance, the idea to repatriate such policies as farm support or regional spending remains highly controversial.

Conclusion

Powerful centrifugal forces are threatening the historical achievements of European integration to the point that the disintegration of the eurozone, or the EU itself, has ceased to be seen as a completely implausible scenario. However, the EU has also demonstrated considerable resilience, and there are signs that a reasonable unity of purpose among the member states can be preserved. The need is widely felt for some restructuring of the union that enables it to cope with new challenges, but no blueprint for reform around which to build the needed consensus has emerged. The EU institutions themselves are understandably cautious when discussing the prospect and time horizon for a possible big reform. However, the union can hardly afford to prolong the current impasse for much longer given the many pressing challenges it is facing for which it is manifestly ill-equipped.

Especially after the Brexit decision, a revamped Franco-German leadership remains a crucial condition for relaunching the integration process, in particular for a renewed deal to enhance the eurozone governance along the line of the four unions project. Such deal should ensure Germany's support for a stronger eurozone structure and the mobilization of additional financial resources for joint investment projects in exchange for more incisive structural reforms in the countries in more precarious financial conditions. Deeper integration within the eurozone is strategically crucial not only to deal more effectively with crises and macroeconomic shocks but also for the overall stability of the EU as a whole.

Another strategic priority is the implementation of the plans for reinforcing border control to ensure better protection and security of citizens: an inescapable condition to restore the Schengen system. Significant progress can be made in the home and justice affairs, including more police and intelligence cooperation. A more equitable sharing of burdens and responsibilities for the management of migrant and refugee flows remains politically problematic. While the EU institutions should continue to insist on the implementation of the redistribution and resettlement plans, which have recently made limited progress, it has become increasingly evident that the EU should intensify its efforts to stabilize the most fragile countries of origin and transit to

establish, when possible, workable migration partnerships. The renewed interest for the "permanent structured cooperation" envisaged by the Lisbon Treaty could lead to more systematic efforts to build a common defense policy.

New forms of differentiated integration can facilitate the implementation of some of those integration plans. In particular, differentiated integration can play a growing role in such fields as defense, justice, and home affairs. A higher degree of flexibility should, however, be accompanied by mechanisms ensuring openness and transparency.

Finally, in dealing with Brexit, the EU should stick to its negotiating guidelines but avoid any punitive approach. The EU should also show the necessary flexibility on politically sensitive issues such as the UK's payment into the EU budget. Not less important, given the role played by the UK on the international scene and the many convergent interests in the foreign policy and security fields, all efforts should be made to establish stable and effective mechanisms for consultation on world affairs and joint external action. The same applies to the realm of domestic security, as both sides have a manifest common interest in advancing cooperation against terrorism and transnational crime.

Panelist Paper

Is the European Union Worth Saving? If So, What Should Be Done?

Council of Councils Annual Conference
May 7‑9, 2017
Council on Foreign Relations, Washington, DC

Robin Niblett, Chatham House

The simple answer to whether the European Union (EU) is worth saving is yes. EU members have distinct national identities and interests, reflecting their distinct geography, history, and relative levels of economic development and specialization. But they also have deeply shared historical experiences of the costs of division—most recently World Wars I and II and the Cold War—that led them to forge the process of European integration sixty years ago. Through its unique single market, its processes of political consultation and mutual support, and even its single currency, the EU offers its members—a group of geographically contiguous and deeply interconnected and interdependent countries—the best possible opportunity to ensure their prosperity and security in an internationally competitive and increasingly dangerous context.

Today, the EU is composed mostly of aging societies that have come to rely on extensive social welfare systems that are ever more costly to maintain, but lie at the heart of the political compact between governments and citizens. Sustaining this compact has become difficult for many EU members because China and other new entrants to the global economy have eroded parts of Europe's relative economic competitiveness and expanded divisions between those parts that are well integrated into the global economy and those that are not.

This has led to a tough period for many EU members in the wake of the global financial crisis of 2008, for which they were ill prepared (and for which European governments, companies, and citizens were generally as complicit as their U.S. counterparts). Flat or slow growth and persistently high unemployment in many EU member states—especially France, Greece, Italy, Portugal, and Spain—followed by a badly handled response to the refugee and migrant crisis in 2015 and the subsequent rise in terrorist attacks have eroded confidence in EU parties across the spectrum. They have also provided the space for populist parties on the right and left to hone their divisive messages and constrict the political space to adapt Europe for a more competitive international environment.

Whether populist parties such as France's National Front, Italy's Five Star Movement, or Germany's Alternative for Germany perform better or worse than expected over the coming months, politics across the EU are becoming more nationalist than at any point since the 1980s. And the process of European integration is now interpreted in zero-sum terms more than ever.

That said, the EU does not need saving at this time. Yes, Brexit is a serious body blow—it will remove one of the EU's largest economies and budgetary contributors, one of its two main security powers, and one of the champions of opening still-protected European services markets. But even without the United Kingdom (UK), the EU will remain collectively one of the world's three economic poles for the foreseeable future, one whose combination of market size and regulatory ambition will amplify its economic soft power. The EU still contains some of the most competitive economies and companies in the world, some of the highest standards of living, and the highest quality of life on the planet. The EU is, as a result, one of the principal destinations for global foreign direct investment and international migration. Public surveys since Brexit continue to show a deep popular commitment to the value of EU membership and the solidarity it represents, even if there is little support for further deepening.

The two core challenges for the EU are, first, to sustain the competitiveness of the most competitive member states, increasing that of the less competitive yet not losing the political legitimacy of Europe's social market system. Second, membership of the EU needs to contribute to its members' and citizens' sense of personal and national security, not detract from it.

How can EU member states and institutions adapt to the new political realities?

- The most important next steps for the long-term success of the EU will not be taken at the EU level but nationally. The EU is not held back principally by its institutional structures and commitments, from environmental regulations to the euro, but by the failure of its member states to undertake the necessary domestic reforms identified in the late 1990s and contained in the Lisbon Strategy of 2000. These focused, in particular, on the need to create the conditions to build innovative economies capable of managing the growing competitive pressures of a more global economy. Priority areas today, as they were then, include reforming antiquated education systems, creating more flexible labor markets, and reducing the burden of growing national debts by reforming pension systems.

- Another essential step is to follow through at a collective EU level on the market adaptations that will stimulate and leverage its national economies. These include creating a single digital market, establishing the capital markets union (potentially unlocking more venture capital), and generally removing national barriers to the creation of a genuinely free market in services, without which high levels of unemployment are likely to persist.

- To limit the adverse reactions these difficult steps will engender, the EU could follow through on some of the changes that former Prime Minister David Cameron negotiated on behalf of the UK ahead of its EU referendum. For example, the idea of giving the right to a majority of national parliaments to block new European Commission–led directives or regulations has merit. Member states could also be allowed greater flexibility to set conditions under which the free movement of labor takes place, for example, in minimum pay requirements or social benefits. Member states could also take up the clauses negotiated with Cameron on preventing the European Court of Justice from pushing forward integration through proactive treaty interpretation and the EU's stated goal of an ever-closer union.

- An equally powerful driver of nationalism in the EU has been the sense that it offers no protection against the modern threats of uncontrolled cross border migration and terrorism. If the EU is to survive and contribute to Europe's collective future, it will need to move more deliberately into the field of security. The

Schengen Agreement on border-free movement of people was a classic example of creating a fair-weather initiative, one woefully unsuited for a moment of crisis. EU members have rightly begun to create collective capacities to protect the external borders of member states against unexpected flows of people and to share data about those people so as to identify potential security risks. However, much remains to be done. Effective information- and intelligence-sharing is a work in progress, despite improvements to the Schengen Information System and the 2008 Prum Treaty arrangements on criminal-data sharing. Sharing quotas of refugees also remains politically impossible until a more common approach to strengthening the EU's external borders is agreed upon.

What differentiated and flexible integration initiatives can the EU enact without losing internal solidarity and cohesion?

As much as EU members attempt to undertake these steps, they will face the reality that not all will want or be able to move in lockstep toward new levels of economic and political integration. The latest paper by the European Commission presents five possible options for the future, explicitly recognizing that Europe could move toward a multispeed approach to integration. The more important question, however, is whether a multitier Europe is a more likely prospect—one in which different groups of states choose to stop at or progress to different levels of integration.

The single currency is a case in point. It seems increasingly unlikely that the eurozone will be able to expand at the same time that it seeks to deepen beyond common supervisory mechanisms and into the critical area of a mutual deposit insurance, given all of the implications this carries for creating a financial "transfer Union." The open border Schengen Agreement could also remain limited to specific EU member states.

The combination of Brexit and EU enlargement fatigue also raises the question of whether the EU could in the future form the nucleus of a wider Europe composed of ever more tightly linked concentric circles. At the middle would be the eurozone; the second ring would include the single market and its full range of regulations supervised by the supranational European Court of Justice. Around this multitier formal EU could be a further ring of more peripheral states, ranging from the UK and Norway to Turkey, Ukraine, and some of the Balkan states, each with a deep and comprehensive free trade agreement with the EU. These agreements would conform largely to the EU body of law insofar as they involve full access into the EU market, but would leave greater latitude for these partner states to define their domestic regulatory and social environments outside the European Court of Justice's direct control.

As complex as such a concentric Europe might appear, the external pressures of an aggressive Russia, volatile Middle East, rising China, and disinterested United States could together serve as the discipline that drives European states to cluster around an ever—but never completely—uniting European Union.

Session Five

What Are the Realistic Short-Term Goals for Stabilizing the Middle East—and How Can They Be Advanced?

Panelist Paper

What Are the Realistic Short-Term Goals for Stabilizing the Middle East—and How Can They Be Advanced?

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May 7–9, 2017
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Abdulaziz Sager, Gulf Research Center

The Middle East is going through a period of turmoil and transition. It is likely that this current phase will last for a prolonged period until the state system is able to regain control over developments and bring about a renewed level of stability; at the same time, there is also the likelihood that even states that have so far not been caught up in the wave of crisis that has swept the region could face similar outcomes as currently being witnessed in places like Libya and Syria. The result is a domestic order that continues to disintegrate and fragment, leading to sectarian mobilization and dissolution of the wider regional order. With the rest of the world wary of widespread intervention in the Middle East to reestablish control, the outlook is indeed for further volatility and uncertainty. All this is multiplied by the collective failure to resolve current conflict lines.

One of the most important issues in relation to the current turmoil as well as the future of stability in the region is the role of nonstate actors, in particular violent nonstate actors (VNSAs) such as militias and terrorist groups. One of the core reasons for the rise and success of these groups is the weakness of the state in the Middle East on all fronts— economically, politically, and socially. In Iraq, Libya, Syria, and Yemen, one has witnessed the state falling apart almost completely, while in other parts of the Middle East, the state is able to only carry out part of its functions. The economic situation of Egypt is a case in point. In other countries, the VNSAs already control a good part of the economy or are directly profiting from the existence of a war economy.

The rise of VNSAs is visible throughout the region from Iraq to Syria to Yemen and elsewhere. Not only have they established themselves as integral to the political landscape, but their power and influence has also grown as state structures have crumbled and central government influence has dissipated. These groups tend to pursue an ideological agenda by taking up arms and, as a result, they have become bigger than the state itself. This can be seen in the role that the Hezbollah militia plays in Lebanon, where the group has prevented the naming of a new president for over two years. Violent nonstate actors are further problematic as they reject any option to resolve the current problem that exists within their sphere of influence, as a resolution would in effect lead to the disbanding of such groups, taking away their privileges. Such groups have, in fact, become too strong and have chipped away at the power of the state.

Other than a clear action plan to put an end to the role VNSAs play in the Middle East, there are few short-term goals for stabilizing the region which can be deemed as feasible, viable, or desirable for regional and global powers. For one, the regional state is unable to deal with the problem of VNSAs on its own. At the same time, it should be understood that many of these groups owe their origins to state sponsorship. For example, a critical component for the existence of Hezbollah has been Iran's sponsorship. Similarly, the current Iraqi government has legitimized many of the militias operating in the country at the expense of state stability.

Given that the current state structures are incapable of combating the issue of VNSAs, countries need to become active on the political and military fronts to start reversing the downward spiral into widespread instability. There needs to be much more pressure on existing governments to take concerted action on this front. One possibility could also be the issuance of a UN Security Council resolution that calls for the dismantling of all militias in the Middle East and classifies them as terrorist groups. Only by taking a more concerted and tougher approach will it be possible for governments and international institutions to operationally maintain or reestablish a safe and secure environment to provide essential governmental services including humanitarian relief in places such as Iraq, Libya, Syria, and Yemen.

This could be an alternative approach because other resolutions to the current instability in the Middle East are medium- to long-term in nature and therefore more difficult to achieve. Yet even if such a long-term focus were to be adopted, the VNSAs would still have to be dealt with. It is therefore better to tackle this problem sooner rather than later.

What Are Realistic Short-Term Goals for Stabilizing the Middle East, and How Can They Be Advanced?

Amos Yadlin, Institute for National Security Studies

U.S. President Donald J. Trump inherited a Middle East destabilized by former President George W. Bush's military interventionism and President Barack Obama's subsequent withdrawal. Of course, local factors also created political instability, such as the convergence of the Arab Spring, transnational Islamist trends, the drop in oil prices, and interference in the region by Middle Eastern governments seeking to expand their influence via proxy. These dynamics led to civil wars and created power vacuums that were fertile for the rise of jihadist groups and the expansion of Iranian influence. To reverse these developments and seize on opportunities, the U.S.-led regional order would be well served by a Trump administration intent on retaking the mantle of leadership through an approach that integrated and balanced both military and diplomatic means.

To reinforce the U.S.-led order in the Middle East and return stability to a region facing upheaval, Washington will need its long-standing allies by its side. President Trump has noted the importance of "burden-sharing" and expects local partners to play an important role in the region rather than to saddle the United States with the entirety of the responsibility and cost for maintaining order. For this to happen, it is critical that the White House reassure its allies and reaffirm its commitment to help them in times of need; without such a guarantee, the image Russian President Vladimir Putin has cultivated of himself as a reliable partner will continue to pull traditional U.S. allies toward the Russian orbit. This policy could be initiated by establishing official and track-two channels to promote strategic understanding and cooperation between the United States and its allies, and Washington could immediately demonstrate its intentions to break with the Obama administration's reactive policies and repair its frayed alliances by implementing proactive policies that integrate hard power and diplomacy to influence important events in the region.

The Trump administration stands to benefit from proactive policies because they will allow it to retake the initiative from revisionist powers such as Russia and Iran that seek to undermine the United States by exploiting cracks in its regional security architecture and testing the U.S. threshold for a military response. In the case of Syria, Russian airstrikes have decimated U.S.-backed rebel groups and President Obama was timid about taking any sort of reciprocal action lest it lead to a dangerous escalation. However, after President Trump's unexpected missile strike in Syria in response to Syrian President Bashar al-Assad's use of chemical weapons, Russia and Iran will be wary of also wearing down U.S. dominance and flouting the international order. Once

Washington demonstrates its resolve to respond, and its responses are not entirely predictable, enemies can no longer be certain that their hostile actions are below the threshold to warrant a U.S. reaction, and, therefore, that their action will benefit them more than it will cost them. At the same time, the Trump administration is advised to keep its allies informed of its strategy so that they are not caught off guard by its responses or lack of responses to events, and the United States functions as a dependable ally in concert with its long-standing partners.

Pushing back on the destabilizing activities of Iran is the top priority for potential cooperation between the United States and its allies in the region. Iran continues to develop weapons systems capable of delivering nuclear warheads, and it tests the limits of P5+1—the United States, United Kingdom, France, Russia, and China, plus Germany—resolve in enforcing the Joint Comprehensive Plan of Action (JCPOA) by pushing its interpretation for the "gray areas" of the agreement's text. This behavior generates deep concern in the Gulf and beyond, and it could potentially cause a nuclear cascade. On the nonnuclear side, even though many have come to view Iran's participation in the campaign against the self-proclaimed Islamic State as proof that it is a responsible regional actor, Tehran sows the seeds of instability by cultivating militias to fight the Islamic State rather than supporting the central governments in countries such as Iraq. In addition, the sectarian aspect of the Iran-backed Shiite militias from Iraq to Syria to Yemen and their human rights violations against Sunni populations serve a prime recruitment tool for radical Sunni jihadist groups.

The United States and its partners should work together to combat these Iranian activities that run counter to their interests and regional stability. To prevent the proliferation of nuclear weapons, it is critical to devote significant resources to monitoring Tehran to ensure that any JCPOA violations are punished and to see to it that strategies are in place to mitigate the dangers inherent in the agreement's sunset clauses. Iran's regional interference can be countered by increasing pressure on Iranian-backed forces in Syria and Yemen (if not in Iraq, given the large U.S. troop presence in Baghdad and the tens of thousands of Iraqi Shia militias members) through an expansion of support programs to those moderate elements that oppose them. The United States and its allies can also promote stability by imposing sanctions against the Islamic Revolutionary Guard Corps (IRGC), the primary conduit through which Iran exports its Islamic revolution and which serves as an apparatus for international terror and subversion. The sanctions would inflict economic damage because the IRGC controls a significant portion of the Iranian economy.

Taking action against Iran's destabilizing activities could also be advanced by support from not only U.S. allies but also its competitors, such as China and Russia, when their interests in doing so align. The sanctions regime on Iran during the nuclear negotiations put significant pressure on Tehran in part because of the cooperation of superpowers that have traditionally partnered with the theocracy. When it comes to Moscow, recent anti-corruption protests indicate that President Putin is under pressure to improve the country's economic situation. Washington is thus presented with an opportunity to leverage the Ukraine-related sanctions authorized against Russia and the Russian public's economic discontent to strike a grand bargain with Moscow that lifts the sanctions in exchange for Russia's breaking its bond with Iran in terms of activity in Syria, weapons sales, and diplomatic support. To negate any increased risks to Europe associated with such an agreement, Washington and its allies could send additional troops to Poland and the Baltic States within the NATO framework to ensure that Russia understands that if it tries to repeat its activities in Ukraine in other European states, the result will be direct confrontation with the United States. In coordination with Beijing, and in the name of protecting the freedom of navigation along the coast of Yemen, the United States can work to pressure Iran to cease providing the Houthi-Saleh forces with antiship missiles and naval mines. Although this effort is

hardly guaranteed to succeed, and Iran can continue to provide these weapons with plausible deniability, it stands a better chance with Chinese participation. The Chinese have an interest in this effort because of the threat that the Iran-backed forces in Yemen pose to the critical trade route between Europe and Asia as well as its energy supply from the Persian Gulf. Beijing also has effective tools to pressure the Iranians on the basis of its economic and political ties to the Islamic republic.

If no agreement can be reached in Syria to end the war and push Iran's forces out, the United States and its allies could increase their leverage over Iran and Russia by unifying and ramping up support for moderate Sunni Arab forces such as the Free Syrian Army. It is possible that Gulf countries and the United States are already working to unite the vetted groups by conditioning their salaries and assistance on the groups' merger into a single command structure. Additionally, in the face of continued fighting, those nations opposed to the Assad regime's war crimes have a moral imperative to take concrete action to protect the Syrian population from the regime by establishing safe zones or crippling the Syrian Arab Air Force, which launches barrel bombs and chemical weapons. Given that half a million are dead and thirteen million have been driven from their homes, the humanitarian catastrophe of Syria demands action, even if it is six years overdue.

In Yemen, a comprehensive political settlement to the civil war appears fairly unrealistic in the short term. It is therefore crucial to set grounded goals that do not rest on the idea that all of the long-standing conflicts and divisions that have wracked the country for decades can be resolved overnight. It is more reasonable to aim to shift the tide of the fighting in favor of Washington's allies by supporting the Saudi and Emirati campaign to push the Houthis away from international shipping lanes along the Bab al-Mandeb strait as well as Saudi Arabia's southern border. This change in momentum, along with the coalition's plan to liberate the port city of Hodeida and cut off the profits it afforded the Houthis, could enable the pragmatic Gulf states to create the leverage necessary to push Yemeni President Abdu Rabbu Mansour Hadi's main opponents to accept a long-term ceasefire. At the same time, Washington need not relent on its campaign to decimate al-Qaeda in the Arabian Peninsula and should ask that the Saudi-led coalition partners contribute to those efforts as well. Rather than becoming embroiled in the Yemeni civil war themselves, U.S. forces would be well advised to empower the Saudis and Emiratis with top-notch intelligence. Being dragged into another Afghanistan-like war in the Middle East with an aim of achieving total victory would only divert U.S. resources from more realistic goals and pressing issues and intensify domestic isolationist sentiment.

Likewise, when it comes to the Israeli-Palestinian conflict, the Trump administration is advised to set realistic goals that aim to improve the situation and its trajectory rather than to immediately and completely resolve it. Attempts at achieving comprehensive solutions by applying the "nothing is resolved until everything is resolved" strategy is practically guaranteed to be fruitless, making another attempt at peace using the same strategy that has repeatedly failed something, akin to Albert Einstein's definition of insanity. Also, in the past, the collapse of these overly ambitious diplomatic overtures and the political stalemate that followed heralded in an era of violence that deepened the divide between the two sides. Therefore, the Trump administration need not exclusively promote the all-or-nothing bilateral negotiation track of its predecessors. Instead, it could work on several tracks simultaneously—including incremental and regional—to preserve the possibility of the two-state solution in the future, seize opportunities to make improvements on the ground even when one of the tracks is blocked, and shift the momentum into a positive direction and away from the negative trends of today.

The United States would be well served to strike a balance between the interventionism of President Bush and the retrenchment of President Obama to navigate a path between unsustainable overextension and regional chaos resulting from retrenchment. To do so, Washington will need to shore up alliances, set realistic goals, empower its allies to play a major role in achieving those goals, and perhaps cooperate with competitors when interests align. If it succeeds in doing so, possibly through establishing and leading a regional security alliance that includes the pragmatic Sunni Arab camp and Israel, a more stable Middle East is a possibility.