Commentary

Testing the Boundaries of Order? Europe, the European Union and a Changing World Arena

Michael Smith, *University of Warwick*

Abstract

Beginning with the emergence of a new European and international order after the end of the Cold War, this commentary examines how the interplay of the EU as a 'market power', a 'realist power', an 'institutional power' and a 'normative power' with the dynamics of a world based on shifting rules and roles for the EU, its partners and potential adversaries presents key challenges for the next European century. It identifies two alternative futures for the EU as a 'reformed EU in a pluralist order' or a 'paralysed EU in a fragmented order', and highlights the critical issues Europe must address to navigate this uncertain future.

Keywords

Since the end of the Cold War there have been four key strands of thinking about Europe, the European Union and the generation of international order. One has concerned the relationship between old states, new states and the European order: how far have the changes since the early 1990s revived or transformed the role of states in generating and maintaining order? A second relates to the links between order and stability: how far have new mechanisms of order created stable boundaries and institutions both in Europe and beyond? A third gives a central role to the place of negotiation and the establishment of negotiated order: how far have negotiations provided a robust foundation for the accommodation of change and challenges, and what role has diplomacy played in consolidating and developing order? A final question centres on the role(s) played by the European Union in generating, consolidating and developing order: to what extent has the EU become the centre of a stable European order, and how has this related to the challenge of change both inside and outside the continent?

This article focuses on these four questions. Specifically, it starts from the emergence of an apparently new international and European order after the end of the Cold War, based on new forms of institutions, rules, negotiation and boundary-making and on new roles for key actors including states and the EU. It goes on to examine the key mechanisms underpinning this order, including the interactions between power structures, market structures, institutional structures and normative structures and the impact of the EU as a 'realist power', a 'market power', an 'institutional power' and a 'normative power'. The article then explores the challenges to this conception of European and international order emerging from power shifts at the domestic and European levels, the impact of economic crisis, the contestability of existing institutions and norms and the resulting emergence of a multipolar or 'interpolar' world arena. Finally, it assesses the capacity of European actors, and specifically the EU, to absorb, divert or capitalise upon these challenges over the next decade, and explores the implications of two scenarios: on the one hand, the emergence of a pluralistic yet resilient European and international order in which a reformed EU would be a central component, and on the other hand the development of a fragmented order in which the EU might be paralyzed or marginalised.

THE EU AND ORDER

The EU has a foundational relationship with issues of European and international order. But how does this help us to think about the resources that the EU brings to those issues, and the extent to which the Union can hope to exercise leverage over them? I argue that ideas of international order rely on four central structural attributes: power structure, market structure, institutional structure and normative structure. Each of these is important in its own right, but equally important are the linkages and balances between the different pillars of order. Equally important also are the implications of these components for the roles that might be played by the EU.

First, power structures rely upon the balance of material capabilities and the ability to apply these in specific contexts. The end of the Cold War led to major shifts in the balance of material capabilities, both inside and outside Europe – but these shifts were not unidirectional, cumulative or permanent. In the case of Europe, they had the effect of highlighting the structural power of the EU, but also of drawing attention to the fact that the Union simply did not possess the classical instruments of 'hard power'. In a sense, the period since 1990 has been one of successive attempts by the EU to equip itself with more instruments of 'hard power' and to become a 'realist power' (Zimmerman 2007), in the face of resistance from some member states, competition from other bodies such as NATO and the resurgence of Russia. Internally, it is to some extent appropriate to see the EU as exercising structural power even without the key components of 'hard power', but this tension remains to be resolved.

Second, the importance of market structure privileges the EU's role as a 'market power' (Damro 2012,2015), driven by market imperatives and seeking both economic security and economic leverage. There is no doubt that in this domain, the EU exercises both structural power and power in specific policy domains, not only in Europe but also beyond. But this simple statement of itself raises questions about the ways in which market power is exercised by and through the Union. As a 'trading state', the EU centres its international activity on multilateral rules and institutions, but is itself a dense 'community of law' centred on the generation of economic benefits for its member states and citizens. Not surprisingly, the internal distribution of these benefits, and the external response to the EU's search for appropriate mechanisms of stability and growth, create tensions and contradictions. Most obviously, the internal prosperity of the Union and the need for multilateral cooperation in order to create stable and open trading conditions can come into conflict, and indeed can lead to questioning of the EU's roles when these internal and external imperatives collide.

Third, the generation and consolidation of the international order, both at European and at global levels, has come to rely upon the generation of institutional density and the production of forms of multilevel governance in the European and world arenas. As noted above, the EU is at one and the same time an example of a dense system of rules and institutional processes, and a distinctive sub-system in the broader arena. This is not just a question of the 'Brussels institutions', though – the EU generates and encompasses transnational, transgovernmental and intergovernmental networks that add to the robustness – and some would say, the impenetrability – of its internal order. This is turn provides the basis for claims of legitimacy in multilateral institutions at the continental and global levels, in some cases superseding the claims of EU member states themselves. There is of course a contradiction between the generation of ever-increasing institutional density at the EU level and the residual claims of member states and others to autonomy, and this in turn is linked to the ways in which EU institutions in the broadest sense are seen as providing collective and more specific goods – economic, political and normative.

Finally, the normative structure of the European and broader world orders demands consideration, shaping as it does the ideational contexts and challenges faced not only by the EU but also by a host of other internationally acting bodies. The 'reigning ideas' of European and international order are

strongly linked to the notion of 'normative power Europe' (Manners 2002, Whitman 2010) and the associated assumption that the EU is a 'force for good' in the world arena because of the ideas that it encompasses. This is turn reflects in part the search during the immediate post-Cold War period for forms of European identity and normative order at a time of normative confusion and contention. The EU has represented for many a central repository and key expression of ideas associated with liberal international order. Not only this, but the ideas themselves – rule of law, good governance, human rights and others – have been given concrete expression in a host of the EU's international agreements and institutional engagements. A central issue in this area, inevitably, is the extent to which these normative commitments can survive engagement with material political, security and economic imperatives – and with the emergence of competing normative orders in the global arena.

CHALLENGES

It is clear that the current period poses major challenges to each and all of the components of European and international order as outlined above. Not only this, but there are major challenges to the EU itself as a form and focus of international order – a potent combination. Whilst it may be convenient to lump together the period since 1990 as the 'post-Cold War era', international order has moved through several phases over the past twenty-five or more years, and each of them has posed challenges and opportunities for the EU.

In terms of power structure, we have already seen that the EU's position in Europe has changed markedly over the period since 1990. But the broader international arena has arguably changed more profoundly and continues to change in fundamental ways (Alcaro et al 2016). From a period in which US hegemony appeared not only complete but also assured for the foreseeable future, there have emerged major and persistent challenges, not only from outside but also from inside the USA. The power shift in the world arena is incomplete and certainly inconclusive, but it has also played into a US domestic context in which a curious mixture of 'declinism', victimhood and the desire still to dominate has permeated US politics. This is not a new combination, but it has been given a new and radical twist by the politics of the Trump administration. From a European perspective, the US remains the continent's most significant other, but the combination of Trumpism with Russian revanchism under Vladimir Putin (not to mention a more assertive Chinese stance on world order issues) has proven disruptive. When this is combined further with challenges to the existing power structure within the EU, both at Brussels level and in national contexts, the level of uncertainty and potential division only increases.

Simultaneously, there have been persistent challenges in the area of market structure – a core aspect of the EU's engagement with issues of European and world order. The impact of the financial and sovereign debt crises over the past decade has been corrosive at a number of levels. In the global arena, it has created conditions in which the existing structures of market power have been partly if not largely overturned – linked to the emergence of 'rising powers' and especially China in the global political economy, it has subverted expectations about the future shape of the world economy and the viability of international economic institutions. This subversion has been compounded by the actions of the Trump administration in either ignoring or confronting the rules-based order in trade and related areas, and it has been transmitted broadly in the global economy by the persistence of high levels of economic interdependence. The emergence of an 'interpolar' world (Grevi 2009), in which the rise of new centres of power is combined with persistently high levels of interdependence, is nowhere better illustrated than in the current turmoil surrounding world trade and multilateral commercial institutions. Whilst this has been the centre of current and

recent challenges, the global financial structure and areas such as the economics of development bear witness to continued turmoil and the potential for further disruption.

All of this implies that the institutional structure that nurtured the liberal world order – and indeed, the EU itself - for decades is now open to question as never before. This can be conceptualised as a chronic crisis of multilateralism, both as an idea and as a set of institutional commitments (Smith 2019 forthcoming). At the global level, the extent of commitment to multilateral institutions by a number of leading players is contested, as are the detailed commitments themselves in the case of trade (for example, by the Trump administration's use of national security rationales for the declaration of trade wars). Different versions of multilateralism compete, at the same time as bilateral and regional agreements proliferate, and the fluid nature of commitments and undertakings leads to opportunistic and disruptive behaviour. Within Europe broadly defined, the use of economic instruments to subvert or disrupt political institutions (for example through oil and gas supplies) has become more frequent. Equally, whilst the institutions of European integration might be attacked and challenged from without, they are also challenged from within, by the rise of neo-nationalist politics within member states and by Brexit.

The crisis of multilateralism noted above is not merely a crisis of institutions – it is a crisis of a normative order, in which the 'reigning ideas' associated with open processes of international commercial and financial exchange are contested. It is important to register that these ideas are foundational for the EU (although some would argue they have never been perfectly reflected in EU policies) and thus that this is an area in which external and internal challenges combine to produce a kind of multiplier effect. The neo-nationalist political movements that have become prominent in a number of EU member states draw not only on European roots but also on varieties of 'transnational nationalism' reflected most obviously in the Trump administration, but also in other radical right-wing movements. The emphasis on 'sovereignist' politics that characterises many neo-nationalist groupings challenges not only the external but also the internal order of the Union, and thus raises questions about the EU's roles in both European and broader international order.

RESPONSES

How should Europe and the EU in particular respond to the set of challenges outlined above? Recent years have seen a number of proposals for the extension and/or reform of the Union's institutions, and have also seen the working through of the Lisbon Treaty provisions, especially in the area of external action and diplomacy. But they have also seen a resurgence of 'domesticism', effectively giving priority to the treatment of internal problems (both at the EU and at the member state level) above the projection of EU power, interests or values. One symptom of this tension is the idea of 'foreign policy as an antidote' – the idea that a more activist and extended set of external actions can defuse some of the internal tensions – but this is in a sense a circular argument, since the internal tensions are precisely what might set strict limits for an extension of EU external activism. So we are at a potential crossroads in the relationship between the EU and European or international order, in which the stakes are heightened but the internal constraints on external activism may be reinforced – partly because the stakes and potential risks are more salient.

One way of developing these arguments is to go back to the four elements of international order sketched earlier, and to ask what resources (actual and potential) the EU can deploy in attempting to shore them up. In the first place, the Union still finds itself in an ambiguous position in relation to international power structures, although it has taken some significant initiatives since 2016 in relation to collective defence planning and structured cooperation. In principle, more resources are available, but there are still important constraints on the perceived legitimacy of action in 'high

politics'. When it comes to market structure, the EU still occupies a prominent position as a leading commercial actor, and has developed a range of tools to deploy its economic power in such areas as development cooperation in the global arena – but there are new and potent competitors in such domains, most notably China. At the European level, the EU has shown an inclination to engage with geo-economic issues, but has encountered severe problems when geo-economics and geopolitics become closely linked, as in the case of Ukraine. The Union still occupies a leading position in the institutional power structures of Europe and the world arena, but the undermining of institutions in key areas of the global political economy (trade, environment) has meant that the EU has suffered a loss of leverage in the multilateral system, allied to the losses arising from its own internal economic and institutional contradictions.

Another approach to exploring the ways in which challenges to European and world order might be met by the EU is by returning to the four aspects of international order identified at the beginning of this article: statehood, stability, negotiated order and the legitimacy and centrality of the EU itself. In recent years, the tension between statehood and the search for forms of order across or among states and other actors have become more rather than less severe, and that this can be discerned in many of the EU's internal and external activities. At the same time the search for stability in Europe and beyond through the consolidation or the transformation of boundaries has become more fraught, with issues such as migration highlighting the imperfect nature of cross-national consensus on what the boundaries of Europe and the EU should or could be. As a result, the tension between a politics of inclusion and a politics of exclusion remains severe and persistent. Not surprisingly, the nature and extent of negotiated order in Europe and the wider world arena have been questioned and in important respects constrained: whilst modest gains might still be made in the extension of the EU order through accession, the Union's neighbourhood has become more rather than less contested and is likely to remain so. In this context, the EU's credentials as a supplier of order, both within the wider Europe and beyond, have come into question, and the extension of its external actions and ambitions at least to some extent curtailed, despite the apparent ambition of the Global Strategy. What the Strategy labels 'principled pragmatism' may well be an appropriate response to the circumscription of its resources and potential leverage, but it is a far cry from the heyday of the EU as a 'force for good' at the European and the global levels.

CONCLUSION

What kind of future for the EU and European order, in a global context, can be deduced from this argument? Two alternatives can be proposed, each of them reflecting the impact of the challenges and constraints outlined above. The first might be labelled 'A reformed Union in a pluralist European and world order'. In this alternative, the EU overcomes its current internal tensions to create new institutional and material resources, and succeeds in deploying them within Europe and beyond. But both the European order and broader global order in the mid-21st century will require action within a more pluralistic context, with new alignments of forces at the transnational, transgovernmental and intergovernmental levels. The challenge for the EU will be to develop and deploy new instruments, but above all to adapt them to shifting constellations of power, markets, institutions and norms both internally and externally. The pursuit of a leading role in international order carries with it – as it always has – potential costs and risks that are multiplied in a more pluralistic arena, and the EU will have to both identify and respond to these costs and risks both in the short and in the longer term. Such a process demands legitimacy and leadership in areas that are currently questioned both within and outside the Union – and such legitimacy and leadership cannot be generated simply by institutional reforms.

The other alternative future might be labelled 'A paralyzed EU in a fragmented European and world order'. In this version, fragmentation would take place both within the Union and outside, with the two tendencies reinforcing each other. Reform of the EU institutions and practices would be obstructed from within and challenged from outside, whilst order and stability would become commodities in short supply. Such a situation would be self-reinforcing, in the sense that problems within the Union would be compounded by and fed by challenges from new constellations of actors, pursuing partial aims and a materialist agenda focused on short-term gains. The EU's retreat to 'conditional multilateralism' or 'contingent multilateralism' would be accelerated, and this in turn would reinforce tendencies towards fragmentation in the broader field of global or regional governance. A further effect of this set of processes would be to re-nationalise key areas of policy within the Union, especially foreign, security and defence policy but also central areas of commercial and financial action. The EU would not be destroyed, at least in the short term, but would be eroded, by-passed and ignored in an expanding range of issues and situations.

Neither of these scenarios is likely to come about in an unalloyed form, but each of them can be inferred from current tendencies. Each of them in turn reflects major changes in the opportunities and risks facing the EU, both in Europe and beyond, through a combination of shifts in power structures, market structures, institutional structure and normative structures. Calls such as that made by Jean-Claude Juncker in his valedictory State of the Union speech for a new and more proactive approach to EU external action (Juncker 2018) embody both an appreciation of the challenges and an awareness of the opportunities surrounding Europe and the EU, but they are not panaceas in light of the constraints and risks faced in Europe and beyond. A blend of prudence, pragmatism and purposeful opportunism will be required to steer the Union through the turbulent waters that lie ahead.

CORRESPONDENCE ADDRESS

Michael Smith, Department of Politics and International Studies, Social Sciences Building, The University of Warwick, Coventry, CV4 7AL, United Kingdom [M.H.Smith@warwick.ac.uk].

REFERENCES

Alcaro, R., J. Peterson and E. Greco (eds) (2016) *The West and the Global Power Shift: transatlantic relations and global governance*. Basingstoke: Palgrave Macmillan.

Damro, C. (2012) 'Market Power Europe', *Journal of European Public Policy* 19(5): 682-699.

Damro, C. (2015) 'Market Power Europe: exploring a dynamic conceptual framework', *Journal of European Public Policy* 22(9): 1336-1354.

Grevi, G. (2010) *The Interpolar World: a new scenario*. Occasional Paper 79, Paris: EU Institute for Security Studies, June.

Juncker, J.-C. (2018) State of the Union Speech, Strasbourg, 12th September. Found at http.www.europa.eu/rapid/press-release_SPEECH-18-5808_en.htm (6th October 2018).

Manners, I. (2002) 'Normative Power Europe: a contradiction in terms?' *Journal of Common Market Studies* 40(2): 235-258.

Smith, M. (2019 forthcoming) 'The European Union, the United States and the Crisis of Contemporary Multilateralism', *International Politics*.

Whitman, R. (ed) (2010) *Normative Power Europe: empirical and conceptual perspectives*. Basingstoke: Palgrave Macmillan.

Zimmerman, H. (2007) 'Realist Power Europe? The EU in the negotiations about China's and Russia's WTO accession' *Journal of Common Market Studies* 45(4): 813-837.