

HOW CHINA AND RUSSIA
RESHAPE THE WORLD

★ POWER ★
POLITICS

ROB DE WIJK

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Power Politics

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Rob de Wijk

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Preface

Ever since the escalating conflicts in the South and East China Seas and the Ukraine crisis in 2014, power politics and geopolitics have been front-page news. With a sense of shock, the Western world has become aware that conflicts between the great powers are not a thing of the past, and that even the annexation of parts of a sovereign state is possible in the 21st century. In contrast to their Cold War predecessors, however, most Western politicians have no experience of such events. What's more, the populations of Western countries are hardly aware of what is really going on.

This book is an attempt to re-visit existing knowledge in this area and to present new insights. In doing so, the Ukraine case and the ongoing conflicts in the South and East China Seas are examined, cases that have more in common than would initially appear.

This book could never have come about without the assistance of the staff of The Hague Centre for Strategic Studies. Above all, Frank Bekkers went to great lengths to make this study the best book it could be.

Rob de Wijk
The Hague, July 2015

1. Introduction: 19th-century behaviour in the 21st century?

'Putin is living in a different world', remarked the German Chancellor Angela Merkel when Russia made moves to annex the Crimea at the beginning of 2014. John Kerry, the American Secretary of State, also condemned Russia: in the 21st century, 'You just don't ... behave in 19th-century fashion by invading another country on a completely trumped up pretext.' What Putin did, however, was more than many imagined: it was the 'normal' power politics of great powers, or countries that see themselves as such. At the same time, a similar power struggle was taking place on the other side of the world. At the beginning of 2014, China, which lays claim to large parts of the South China Sea, was engaged in a sharp confrontation with the Philippines and Vietnam over the control of small islands.

In this book, I explain why power politics never went away and why, due to the relative weakening of the West's position, power politics is becoming more visible and tougher. Upcoming powers are demanding their place in the sun and are gaining more and more influence on the shaping of the world order, which is becoming less and less 'Western' as a result.

A country's power is determined by a combination of factors: its population size, territory, economy and military apparatus. Technology and factors that are less easy to measure, such as political and strategic culture, also play a role. These last two factors determine to a major extent whether a country engages in power politics, and if so, how. Power politics is a country's readiness to use its power and

the way in which it uses it. Germany, for instance, is a powerful country, but it shows little readiness to use its power – something that is certainly true of its military power. Russia, by contrast, is a country with a weak economy and a weak army, but it is willing to use its power.

The current 'Western world order' was institutionalized after the Second World War and reflects the power of the West. One important milestone was the financial-economic Bretton Woods Agreement, initiated by the United States and agreed by 44 countries in 1944. This provided for a system of fixed exchange rates whereby only the dollar could be exchanged for a fixed amount of gold at the American Federal Reserve. Whilst other currencies were indeed fixed against the dollar, they could not be exchanged for gold. The Bretton Woods system also provided for the establishment of the International Monetary Fund (IMF) and the World Bank. With this agreement, the global primacy of the American – and with it, the Western – economy became a fact. Furthermore, the victors of the Second World War also founded the United Nations (UN) and were given permanent seats on the UN Security Council. A system of global governance was thereby created that covered almost every aspect of global society, but that largely expressed Western preferences. The International Court of Justice (ICJ) in The Hague is also a Western invention. The way in which international law is applied by the International Criminal Tribunal for the former Yugoslavia, the Special Tribunal for Lebanon and the International Criminal Court (ICC), for example, all of which are based in The Hague, likewise reflects Western conceptions of good and evil. The same is even true of 'universal' fundamental principles, such as the Universal Declaration of Human Rights (1948).

The world order, which has been shaped to a major extent by Western countries, is becoming less 'Western', however, due to the rise of countries such as China. This process is being further strengthened by political and societal polarization in the United States and Europe, meaning that democracy has become less effective at solving far-reaching crises. This proved to be the case, for example, during the financial crisis that erupted in 2008.

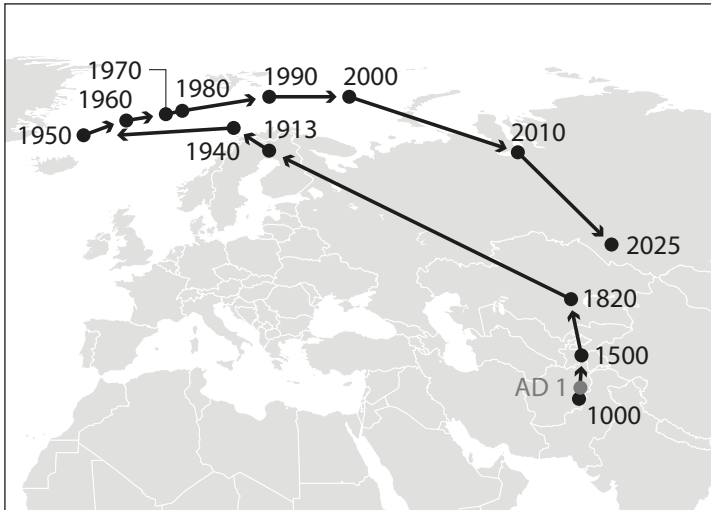
All of this allows upcoming countries to question the dominance of the West. The shift of economic, military and associated political power to the East has implications for the way in which the West is able to determine the rules of international relations, protect its interests and promote its values. Upcoming countries want to see international institutions adapted in ways that reflect their new positions and values. The first 'victim' of this development has been Western 'soft power', or the ability to co-opt and attract. This is based on values, but is being backed up less and less by military 'hard power', political unity and superior economic power.

As a result of these developments, it will become more difficult to impose traditional Western preferences, such as a foreign policy that gives prominent place to the promotion of humanity and democracy, because upcoming countries do not tolerate any interference by other countries in their domestic affairs. This brings practical, political and psychological challenges for the West, where security has been seen largely in terms of human security in recent decades. In the West's view, if this is at stake, then intervention in other countries is not only justifiable; it is even a duty. This is expressed in the Responsibility to Protect (R2P), a doctrine grounded in this Western vision that has been adopted reluctantly by the UN member states.²

History teaches us that transitions of power are always accompanied by friction, and even by conflicts. In the longer term, the system of international relations itself can change radically. I argue that international crises mainly occur at the fault lines of the international system. There are also areas, however, where the spheres of influence have not yet crystallized fully: in space and in the polar regions.

That power transitions are accompanied by friction and even by conflicts is understandable. Countries that see their position worsening will want to counter this, whereas countries that are rising will not allow their ascent to be thwarted. Moreover, there is a much greater chance of misinterpreting each other's intentions if not one, or two, but a number of countries are dominant. Misinterpretation of other states' intentions is a major cause of conflict in international relations. Leaders also tend to underestimate the effects of their actions on the leaders of other countries, to endow their convictions with the status of truth and to judge their opponents on moral and ethical grounds. On a visit to Kiev, for example, European leaders, including the Dutch Minister of Foreign Affairs, Timmermans, and the Members of the European Parliament (MEPs) Van Baalen and Verhofstadt, declared their strong support for the pro-European protest movement in Ukraine. The Russian leader Putin, meanwhile, saw this as an attempt by the European Union to prise the country out of his sphere of influence. As the later President Petro Poroshenko said at a meeting in Lithuania in January 2014, this made these politicians jointly responsible for the escalation of the conflict.³

As I shall explain later, Western politicians did not have a very realistic picture of the deeper background to the Ukraine crisis. In fact, this crisis marks a new phase in the power politics between East and West. Arguing from



1. How the world's economic centre has shifted in the last 2000 years, according to the McKinsey Global Institute and based on data from Angus Maddison of the University of Groningen.

the perspective of Realism, the school of thought based on power politics to which we shall return later, the crisis would not have broken out had there not been a decline in Western power, especially in Europe, and a lack of political unity. It is therefore no coincidence that calls for higher European defence spending were already sounding during the Ukraine crisis. The American President Barack Obama made a clear point of this during his visit to Brussels in May 2014.

The geopolitical changes that became manifest in the first half of the 2010s were not unexpected. Due to the rise of countries such as China, the power of the West had already been declining from the mid-1990s in a relative, if not in an absolute, sense. As a result, these emerging powers gained more latitude in international relations, and the West, less. For President George W. Bush, who took office in 2001, the

rise of China was an absolute priority for American foreign policy. This priority was pushed aside, however, by the attacks of 11 September 2001. Ironically, it was the military interventions in Afghanistan and Iraq, which were indeed direct outcomes of the September 11th attacks, which in fact contributed to the acceleration of the geopolitical changes and even to the creation of new local crises. This is something that I shall explain in more detail later.

This book shows that the main lines of the development of international relations are relatively predictable. The discussion about multipolarity and the question of which powers would become dominant had already begun at the beginning of the 1990s. Many authors made relatively good predictions about which way the world was heading. Detailed predictions about how, where and when each type of conflict would arise could not be made, however.

We can draw a comparison here with the climate and the weather. The climate changes slowly, just like international relations. Only sporadically will something so drastic occur that it changes the climate or international relations fundamentally. When a meteorite hit the Yucatán Peninsula in Mexico 65 million years ago, the climate changed so much that food chains were disrupted and the dinosaurs became extinct. Mega-incidents such as these also occur in international relations. Think, for example, of the fall of the Warsaw Pact and the Soviet Union, which heralded the end of Communism as the challenger to the system of democracy and capitalism. After a mega-shock such as this, a new reality or new paradigm arises, which is only eroded when a new mega-shock occurs. We can see most shocks coming, although we can never be certain as to whether they will actually become manifest and when, precisely, they will appear. Climate scientists predict a climate shock

if CO₂-values continue to rise. According to experts, such a shock could be avoided if adequate measures were to be taken. In international relations, the rise of China is just such a shock in waiting. Even if the Chinese economy ultimately turns out to be a bubble and the country collapses, due to China's size, a mega-shock will still occur. Some authors, such as Jonathan Holslag, think that the economic course that China has taken must end in catastrophe. In his view, the emphasis on state capitalism, cartels, dysfunctional industries and unbridled speculation will lead to economic nationalism and protection, which cannot be maintained in the long term.⁴ Just as with the weather, it is not easy to predict how, where and when actual incidents will occur in international relations. For this reason, humanity is repeatedly overcome by crises and events, which are indeed unpredictable, but which fit very well into the changing 'climate' of international relations.

Predictions about shocks in international relations can spur policymakers and politicians to act, which gives the impression that experts' predictions are incorrect. For example, it seems that the Chinese President Xi Jinping shares Holslag's concerns, as he has launched a far-reaching anti-corruption campaign in order to avert a crisis.

At the same time, however, the psychological phenomenon of cognitive dissonance comes into play: people do not want to know about potential shocks, and ignore information about them. Heavy storms and extreme rainfall are part of climate change. They should therefore not come as a surprise, but they nevertheless do, because people are not – or do not wish to be – aware of the effects of climate change on a daily basis. The same is true of international relations. For the experts, the crises in Ukraine and the South China Sea were not unexpected, although it was not

possible to state their exact nature and timing accurately beforehand. As early as 1993, the most important policy document produced by the Dutch Ministry of Defence read: 'Potentially the most dangerous problems are those in the relationship between Russia and Ukraine regarding the Crimea.'⁵ In other words, the conflict had been predicted, but for politicians, journalists and the average citizen, it nevertheless came like a bolt from the blue.

This book explains geopolitical development and power politics on the basis of theoretical schools of thought. Theory also allows us to sketch out the potential scenarios of possible outcomes of the change process. I discuss two cases of typical power politics that are closely associated with geopolitical change: the Ukraine crisis and the conflicts with China in the South China Sea.

The conclusion is that due to rising powers and the development of multiple centres of power, international relations is not only becoming less 'Western', but also more complex. This means that more will be demanded of the quality of foreign and security policy, and of politicians, who have not actually engaged in the practice of power politics since the end of the Cold War. Because the West remained the dominant power after the Cold War, the difference between 'high politics' and 'low politics' also evaporated to a large extent. High politics is about the security and ultimately the survival of the state, and focuses on national security, foreign policy and defence. Low politics is about the functioning of the state and focuses on the preservation of prosperity and the welfare state. As the major threat disappeared after the end of the Cold War, national security and defence began to compete with education and healthcare, for instance. In the absence of a clear threat, these latter categories won;

but the Ukraine crisis makes it clear that high politics is still essential.

For many Western countries, geopolitical change requires a mental and practical adjustment of their foreign and security policy, an adjustment that starts with the acknowledgment that in international relations power-political considerations are becoming more important, and moral and ethical considerations less so. Only countries that are able to deal with the new complex reality of the multipolar world will be able to benefit from it, in terms of more prosperity, stability and influence on the shaping of the new world order. This does not mean that other countries, by definition, will be left completely powerless, but they will not be players that can shape the new world order in such a way that they profit maximally from it. Time-honoured beliefs will have to be abandoned. For the countries that have dominated international relations in recent centuries, this will not be easy.

2. Power and world order

In March 1992, shortly after the end of the Cold War, the *New York Times* reported on a secret plan that had been drafted in the Pentagon under the leadership of the Undersecretary of Defence, Paul D. Wolfowitz.⁶ The West had won the Cold War. A new era had begun, in which the United States was the only remaining superpower. This offered unprecedented opportunities to shape the world in accordance with American ideas. Wolfowitz wanted a strategy of selective involvement with the rest of the world. This meant that the United States would only intervene in parts of the world where American interests were being undermined. This strategy of selective involvement steered a middle path between remaining aloof from international politics so long as the United States was not threatened, and playing the policeman that had to intervene anywhere in the world if American interests were at risk or Western values being harmed.

According to leaked parts of the secret plan, the *Defense Planning Guidance*⁷ of 1991, Wolfowitz's course was focused on preventing potential new rivals from joining the United States on the world stage: 'Our first objective is to prevent the re-emergence of a new rival.'⁸ A strong opponent would curb American freedom to act in international politics. This would sharply limit the possibilities for protecting American global interests and promoting American values. The potential future challengers of American supremacy were a Russia that had risen from the ashes of the Soviet Union, a united Europe and a rapidly growing China. The Undersecretary of Defence's plan thus outlined a potential shift from a unipolar to a multipolar world: a world in which

the United States was no longer the incontestable super-power, but a world with several centres of power. The fear of those who drafted the document was that there would be more competition in a multipolar world, which would put American interests at stake.

The Americans saw themselves not only as the key international player, but also as a beacon for international, and thus Western – or rather, American – values. Power and values were determining factors in the global order and thus for global peace. At least, this was the idea. Precisely for this reason, the American President George H.W. Bush stated on the eve of ‘Operation Desert Storm’ – the military intervention intended to drive the troops of the Iraqi leader Saddam Hussein out of Iraqi-occupied Kuwait – that a ‘new world order’ was within reach. According to the President, this would be a world guided by fundamental principles such as law and justice, and the protection of the weak against the strong. He saw a world in which the UN would be freed from the crippling deadlock that had developed during the Cold War and would finally be able to do what its founders had intended, namely, to create a world of freedom and respect for human rights.⁹

Without doubt, the new world order set out in the *Defense Planning Guidance* was a visionary one. According to this secret document, the best way to stabilize the countries in Eastern and Central Europe would be to bring them into Western European institutions such as NATO and what was then the European Community.

After the plan was leaked, a heated discussion developed about its deeply imperialist and unilateral nature. In order to tone it down somewhat, the plan was hastily rewritten and then consigned to the bottom drawer. This happened when President George H.W. Bush failed to win a second

term and was succeeded in 1993 by President William Jefferson (Bill) Clinton. Clinton took a different course. Only the integration of Central and Eastern European countries into the European Community and NATO remained key elements of his policy, and in any case, this aim was shared by all other Western countries.

The vision that lay behind this integration-driven thinking goes back to Immanuel Kant's thesis of the democratic peace. This is based on the idea that democratic countries do not go to war and that a zone of democratic countries implies a zone of peace. In his *Zum Ewigen Frieden* [*Perpetual Peace*], published in 1795, Kant was naturally thinking above all of Europe. It is thus no coincidence that his thesis was initially applied in Europe.

Both Bush and Clinton accepted the Kantian thesis that democratic countries do not go to war with each other and that the inclusion of Central and Eastern European countries in Western European institutions would therefore lead to the development of a zone of peace. From an ideological perspective, the expansion of the European Community and NATO was a 'no more war' project. For a time, it even looked as though President Yeltsin might steer Russia into NATO.¹⁰

One problem with the democratic peace thesis, at least according to the American researchers Edward Mansfield and Jack Snyder, is that countries that undergo a transition from dictatorship to democracy are twice as likely to fall prey to a civil war or to start a war with another country, because such transitions create opportunities for political fortune-seekers.¹¹ They play the ethnic, religious or nationalist card as a means of getting voters behind them, which is a recipe for long-term instability. This is what happened in the Balkans in the early 1990s. Another problem was that

Russia would feel threatened by the inclusion of countries from its former sphere of influence or parts of the former Soviet Union in Western European institutions. As I shall explain in Chapter 8, this problem became manifest during the Ukraine crisis in 2014.

Nevertheless, both American presidents assumed that a hegemonic power could bring stability to the world. This is consistent with regime theory. The American professor of international relations Stephen Krasner defines a regime as a 'set of rules, norms of behaviour around which the expectations of actors converge in a certain issue area'.¹² A superpower can impose regimes on other countries that influence their behaviour and thus promote world peace.

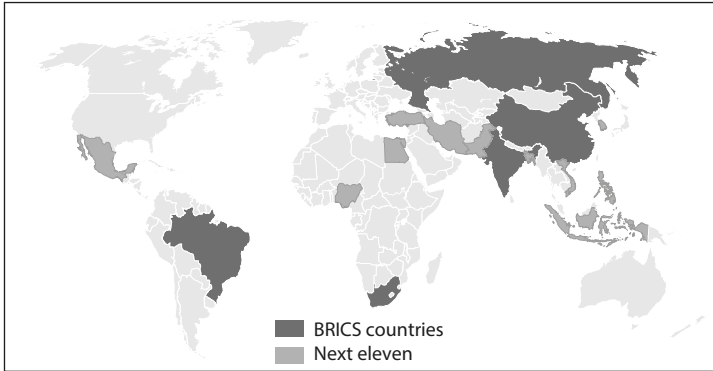
This insight formed the core of Wolfowitz's reasoning. International organizations can play a key role in this; they are seen by the hegemonic power, in this case the United States, as instruments for the creation and maintenance of stability, and for protecting its own interests. This reveals the United States' instrumental view of international institutions such as the UN, international law and international regimes, such as the Kyoto Protocol on climate change. This instrumental view has led to ambivalence within the United States with respect to the UN, for example, which is the guardian of the global common interest. Wolfowitz believed that so long as the United States enjoyed absolute power, this organization would no longer need to play a major role, unless this would serve American interests.

If it is the case that the world order reflects the global distribution of power, then the world order will change if the West becomes less powerful relative to other countries. And if hegemonic power is so important for global stability, then a decline in American power must lead to less stability. There is much evidence to support these hypotheses.

If power has to be shared with other upcoming countries, then American 'shaping power' – its power to induce other countries and international organizations to engage in 'desirable' behaviour – will diminish. If this power is eroded, then other countries will also gain influence over the rules of the game, and the old centre of power will start to compete with emerging powers on world-views and norms.

It has been clear for years that the world is changing. The same is true of the countries that are rising. In 2001 the American investment bank Goldman Sachs adopted the term 'BRIC', which was coined by the economist Jim O'Neill to refer to Brazil, Russia, India and China. From 2010, South Africa was also included in this group, and the BRIC countries became the BRICS. In 2003 the bank predicted that Brazil, Russia, India and China would be among the world's top five global economies in 2050.³³ Due to their huge economic weight and their different political systems, these countries could change international relations fundamentally and present a great challenge to the Western world. Goldman Sachs later devised the term 'Next Eleven,' or N-11. It appeared that Bangladesh, Egypt, the Philippines, Indonesia, Iran, Mexico, Nigeria, Pakistan, Turkey, Vietnam and South Korea could also develop into regional great powers. The list includes countries such as Bangladesh that have been affected by disasters and poverty in the past, but that nevertheless show enormous potential for development. This is not to say, though, that all of these countries will by definition grow rapidly and start to practise power politics.

After the financial crisis of 2008, developing countries proved not to have been hit hard by the crisis. It is notable that in Africa in particular, growth rates rose well above the world average. From 2000, Africa experienced rapid growth. The continent recovered quickly from the economic crisis



2. The BRICS and the Next Eleven.

and was back to enjoying a growth rate of over 5 per cent in 2010.¹⁴ This growth was mainly boosted by the extraction of raw materials, but agriculture also did well. Moreover, Africa has the fastest-growing labour market in the world. These positive developments are the result of economic cooperation with BRICS countries and a number of developing countries.

Due to advancing growth in developing countries, the financial crisis accelerated changes that had already been visible for some time. According to World Bank figures, India and China will exceed growth projections and eventually enjoy growth rates of more than 8 per cent.¹⁵ Russia presents an interesting case in this regard. Russia belongs to the BRICS group, but the economic outlook for this country is less positive, even though it behaves like an emerging superpower.

According to the IMF, Asia accounted for 18 per cent of the global gross domestic product (GDP) in 2010, as compared to 8 per cent in 2002. During the same period, the eurozone saw its share of global GDP shrink from 21 to

17 per cent. The World Bank observed in 2013 that due to geopolitical changes, for the first time in history there was a greater volume of South-South trade than trade between the countries belonging to the Organization for Economic Cooperation and Development (OECD). Developing countries now account for around a third of world trade. Also notable is the unmistakable trend whereby trade is shifting in the direction of the BRICS countries. Another example of the intensification of South-South relations is that of changing energy relations. Two-thirds of all oil exports from the Gulf region now go to East Asia. China, Japan, South Korea and Taiwan already get 70 per cent of their oil from the Gulf region.¹⁶

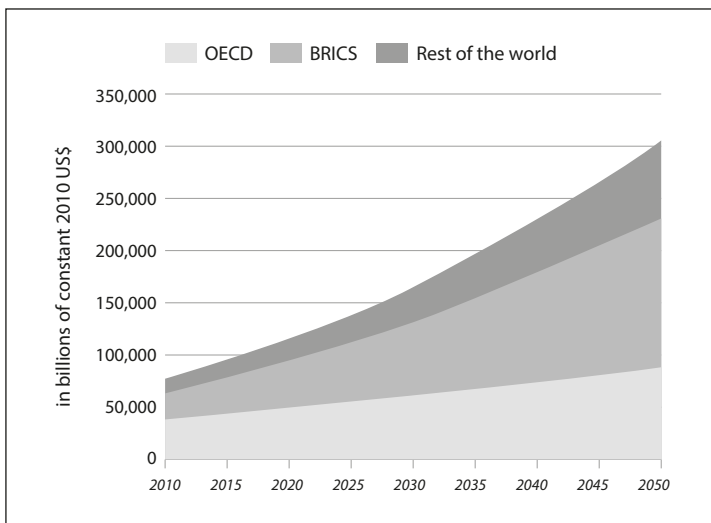
According to Yang Jiemian, chair of the Shanghai Institute for Strategic Studies, the world contains countries that win, countries that are forced onto the defensive, countries that see their position harmed and countries that are clear losers. The winners, in Yang's view, are China, India, Brazil and South Africa. America and international Western organizations, such as the IMF and the World Bank, are being forced onto the defensive, while the European Union, Japan and Russia are losing influence.¹⁷ The initiatives by the BRICS countries and the rise of the G20, the club of the world's largest economies, are indeed clear indications that the global system is adapting to new power relations. To an increasing degree, upcoming economies that have seats on the G20 are becoming the motor of economic development and geopolitical change. During the BRICS summit in 2013, for example, the decision was made to set up a BRICS development bank that would rival the World Bank and the IMF. Pravin Gordhan, South Africa's Finance Minister, was clear about the Bank's objectives. He observed that the World Bank and the IMF reflected the situation that had

existed after the Second World War, and that reforms were now essential to give upcoming countries the voice that had become their right. The BRICS countries were upset by the fact that the old Western great powers were still over-represented in international organizations.¹⁸ Attempts to improve the organization of South-South economic relations began in 2010, when South Africa formally joined the BRIC group. Since then, these countries have attempted to coordinate their policies, for example with regard to the G20, the World Bank and the IMF.¹⁹

The relative decline in the power of the West will also come at the expense of representation in international institutions, in which they currently enjoy a large voting share. Within the IMF, an 85 per cent 'super majority' is required for major decisions. At present, the American voting share is 16.75 per cent. If this voting share falls under 15 per cent, the United States will lose its right of veto. It is also certain that this relative decline in power will demand more of diplomacy than has been the case until now. This is less of a major problem for the United States than it is for an increasingly fragmented Europe.

Globalization has always produced winners and losers. In Yang's prediction, the new world order that is being created by the shift in the geopolitical centre of gravity to Asia may hit European citizens particularly hard. Europe finds it difficult to adapt, because the debt crisis that hit Europe in 2009 was followed by a political and institutional crisis. Partly as a result of this, Europe, or rather the European Union, has not become as powerful as it could have been, in Wolfowitz's view, and as a result, Europe is finding it increasingly hard to protect its global interests.

Nevertheless, aspects of Yang's vision should be questioned. For one thing, it is by no means inevitable that



3. The growth of the BRICS as compared to the rich industrialized countries of the Organization for Economic Co-operation and Development (OECD).

rising countries will assume a dominant place in the world. This will depend on the manner in which they manage to take their place in the complex network of international relations. Moreover, it is by no means certain that the United States will become so weak that it can no longer play a meaningful role. This is something to which we will return.

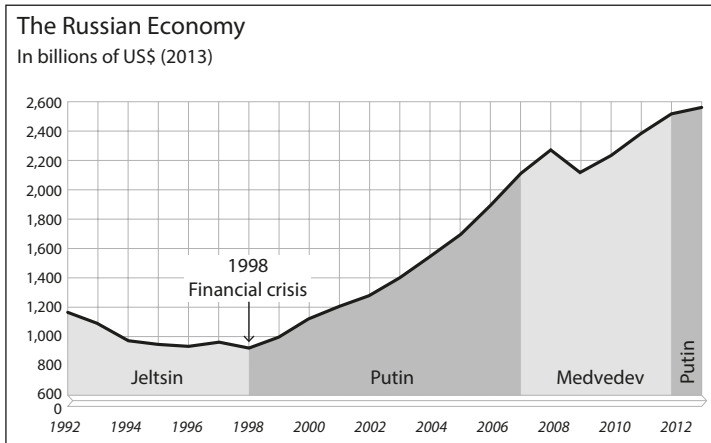
Despite this, the discussion about the relative decline in American power and the emergence of a multipolar world is an important one. If the United States wanted to remain the key global player, then we would expect the Americans to hold back China's ascendancy by strengthening the liberal economic world order and the American military presence in Asia. If the United States were nevertheless to become weaker, then the Americans would try to curb China's growth with neo-mercantilist policies and by forging

new alliances in Asia. Both developments would lead to geopolitical friction.

Many upcoming countries have state capitalistic systems; that is, systems in which the state has a major influence on key parts of the economy. This is at odds with the notion of a free market economy, in which prices are determined by supply and demand. In a state capitalistic system there are fewer market mechanisms, for example because the government determines prices, takes protectionist measures or uses state holdings to control sectors of the domestic economy and investments abroad, either wholly or partially.

Modern state capitalism emerged in Singapore under Prime Minister Lee Kuan Yew, who introduced an autocratic system based on collective Asian values. Deng Xiaoping's transformation of China was likewise grounded in similar basic principles. Like Lee Kuan Yew, he brought the Chinese economy into the global economy, but organized state control of vital sectors. In itself, state capitalism is nothing new; the French state, for example, owns 85 per cent of the energy company EDF.

The debate about state capitalism was given new impetus by the cowboy capitalism that emerged under the Russian President Boris Yeltsin. This created a class of super-rich oligarchs who were able to use their money to buy political influence and did not necessarily contribute to the country's prosperity. In Russia and in other upcoming countries, it was then concluded that state control might limit the growth of capitalism. After an initial flirtation with the free market economy, President Vladimir Putin tightened the reins and brought key sectors, such as energy, under Kremlin control. Nowadays 62 per cent of Russian and 80 per cent of Chinese listed companies lie in the category of businesses that are wholly or partially controlled by the



4. Russia's economic growth under Putin, as President and as Prime Minister under President Medvedev.

state. The idea behind the philosophy of state capitalism is that it brings growth and stability. Aside from China and Russia, state capitalism can also be found in the oil-rich Gulf States and Brazil.

Over time, state control has changed as a result of more advanced management methods. Governments now tend to steer at a distance; as shareholders, for example. As a result, companies are functioning more as 'normal' businesses, but the state remains the overall coordinator of the national economy, and as such exercises great influence on the global economy. Thirteen of the largest oil companies, which jointly manage three-quarters of oil supplies, are state-owned. In addition, state enterprises manage enormous quantities of money that are placed in so-called *Sovereign Wealth Funds*. These can be used to buy enterprises elsewhere in the world. The accumulation of this money will ultimately have consequences for the organization of the financial world. Financial centres such as London will become part of a network of several financial centres and will become

less important. Many Sovereign Wealth Funds already do business among themselves, rather than via a financial centre such as London.²⁰

The great question is whether this might harm the system of free trade, and whether deals with state enterprises are fair to the West. One Member of the European Commission, Peter Mandelson, thinks not. He has argued that the positive effects of globalization will be undermined if state capitalistic countries become protectionist. He has even hinted at the possibility that the European Union might respond to this by blocking takeovers, if these are carried out by a single entity.²¹

State capitalistic autocracies have a tendency to take protectionist measures. Some emerging powers, such as China, behave in ways that are frankly mercantilist. For them, global trade is a zero-sum game: when Country A wins, Country B loses. There is an ongoing controversy about China keeping the value of its currency artificially low, which in the West's view has given it an unfair competitive advantage. Moreover, in China, mercantilism is closely linked to state enterprises that are responsible for the lion's share of Chinese investments abroad.

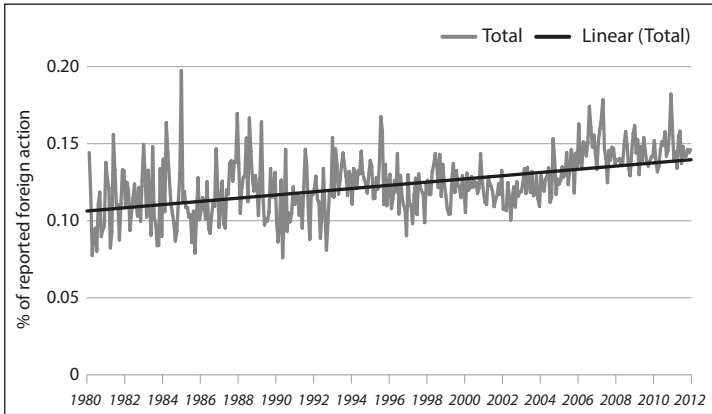
Furthermore, mercantilism demands an offensive economic strategy that focuses on ensuring access to raw materials, by military means when necessary. Resource nationalism is a logical extension of this. China has a near-monopoly on rare earth metals, which are essential raw materials for use in the high-tech industry, for example. China announced export restrictions to protect its domestic industry and used these minerals as a means of putting political pressure on Japan during a conflict over the Senkaku/Diaoyutai islands in 2010. Finally, due to the rise of state capitalism, trade relations are becoming less relations

between companies and more relations between states. For Western countries, this means that governments have a more important role to play in stimulating trade relations with emerging economies.

The increasingly dominant position of state capitalism is one aspect of the increasing assertiveness of upcoming countries. This assertiveness has been shown by the efforts of Turkey and Brazil, for example; in 2010 the two countries launched their own diplomatic offensive to solve the Iran problem. However, the most important players are Russia and China.

The *Strategic Monitor* published by the Hague Centre for Strategic Studies (HCSS) shows that the assertiveness of these two countries is increasing.²² 'Assertiveness' is a neutral concept that refers both to word *and* deed, rhetoric *and* actual dealings, diplomatic *and* economic or military pressure. Assertiveness is positive if a country devotes its efforts to bringing about peace or negotiating a climate accord. Assertiveness is negative when self-interest prevails and a country uses its power to impose its own will. The figures show that the average level of assertiveness of both China and the Soviet Union (later Russia) has increased gradually over the last thirty years. In this period, China's assertiveness, both in reality and rhetorically, has become stronger than Russia's, although as far as the number of actions is concerned, it has not yet reached Russian levels.²³ A second conclusion is that actual assertiveness has increased more than rhetorical assertiveness in both countries; in effect, there have been more deeds than words. In the case of both countries, there have been more positive or neutral expressions of assertiveness than negative ones.

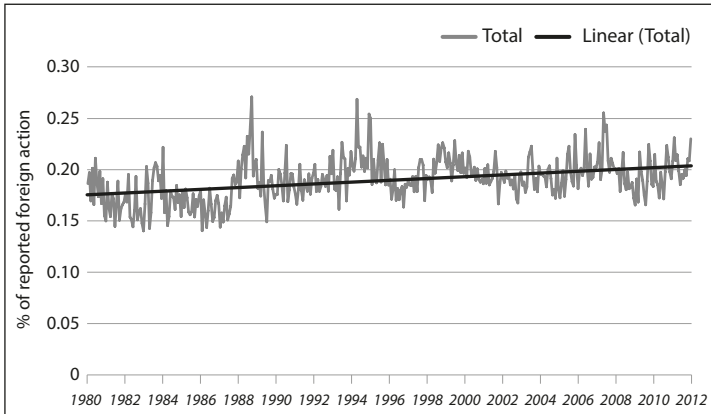
In relation to diplomatic assertiveness, at the UN Security Council, the two countries are proving increasingly



5. China's 'assertiveness' in the period 1980-2013, according to the HCSS's Strategic Monitor 2014. The measure used on the Y-axis is the percentage of all security incidents involving China as an actor.

unwilling to agree to join the West in interventions in other countries, even if these are for purely humanitarian reasons. They have not agreed to put pressure on Iran and North Korea, which the West suspects of having nuclear weapons programmes. Economic assertiveness, in turn, can take the form of protectionism or foreign investments. Sovereign Wealth Funds and state enterprises thus play an important role in this area, but cyber-attacks can also be included in this category. Military activities include the Ukraine crisis and the seizure of the Crimea, for instance, and China's ongoing problems with the countries around the South China Sea. In the area of military assertiveness, there has been a considerable increase in Chinese power. Although the level of Russian military assertiveness remains much higher than that of China, the general trend here is less unequivocal.

Figures 5 and 6 show that a clear turnaround took place around 2008. This explains why the American and Chinese



6. Russia's 'assertiveness' in the period 1980-2013. The measure used on the Y-axis is the percentage of all security incidents involving Russia as an actor.

researchers Kenneth Lieberthal and Wang Jisi argue that the level of mistrust between the United States and China has increased since 2008. China is increasingly active in the South China Sea and is safeguarding its raw materials and energy interests all over the world – including in countries that are seen by the West as rogue states. Moreover, both Russia and China sell arms to such regimes. The first signs that China was starting to behave more assertively date from 1995. In that year, China occupied the oil-rich Mischief Reef, territory that was claimed by the Philippines. Moreover, that year saw the holding of the first large-scale military manoeuvres and missile tests near Taiwan, in response to President Clinton's granting of a visa to the Taiwanese President Lee Teng-hui to visit Cornell University. China's change in policy caused problems with ASEAN countries, whilst the United States stationed two aircraft carriers near Taiwan.

Russia, meanwhile, has been attempting to achieve more and more influence in the area that used to belong to the

Soviet Union, by putting pressure on countries such as Ukraine that are unable to pay their energy bills, and by occupying territory, as happened in South Ossetia in August 2008. In the view of the West, this marked a turning point in relations with Russia.

The data on increasing Chinese assertiveness appear to be at odds with the conclusions reached by the American researcher Alastair Johnston in the academic journal *International Security*. Johnson concluded that China is less assertive than it appears, despite the fact that in 2009, the media increasingly began to report on the supposed increase in the assertiveness of the rulers in Beijing.²⁴ Johnson was unable to identify any truly radical change of course in Chinese foreign policy. The difference in the two conclusions can be traced back to the different methodological approaches used. Johnson draws on an analysis of seven selected cases. The conclusions of the HCSS study, however, reflect a statistical analysis of a dataset containing tens of thousands of events.

Remarkably enough, little research has been done on China's preparedness to cooperate with other countries. One of the few studies is 'Regime Insecurity and International Cooperation' by M. Taylor Fravel, published in *International Security* in 2005.²⁵ Fravel states that since 1996, China has settled 17 of 23 territorial conflicts peacefully, that China has not avoided making compromises, and that it has actually obtained no more than half of the territory it had claimed. A number of the claims are non-negotiable, such as those concerning Taiwan and Tibet, and in the past, Hong Kong and Macao. Reneging on these would backfire on the regime in Beijing. In relation to the other claims, China has proved willing to compromise.

In other areas, too, China was more ready to compromise than it seemed in the period in which the debate on its

new assertiveness began. In 2009 China entered into negotiations with representatives of the Dalai Lama. In 2010 Hu Jintao participated in the Nuclear Security Summit organized by President Obama, and China agreed to step up pressure on South Sudan to force the country to show restraint, should it become independent. The tensions with Taiwan also lessened after the election of Ma Ying-jeou as President of the island.

Assertiveness should always be put in context. Assertiveness and nationalism – a combination that can be seen in both Russia and China – can be dangerous. In Asia in particular, there seems to be a lack of awareness of the risks. François Godement of the European Council of Foreign Relations has called this ‘nationalism without guilt’.²⁶ Only Japan seems to have a historical awareness of the risks due to its wartime past, which has contributed to its pacifism. Other Asian countries frame their rhetoric in terms of ‘humiliation’. China, for example, even refers to the ‘Century of Humiliation’, the consequence of Western and Japanese interference. This century began with the First Opium War or the Anglo-Chinese War of 1839-1842 and ended with the founding of the People’s Republic in 1949. After this, China regained true independence and became less and less susceptible to Western ideas. In addition, many Asian countries only partly share the Western vision of institutions. What is more, Western powers have refused to admit China and Russia to Western institutions or only allowed them to join at a later stage. It took Russia great effort to gain admittance in 1997 to the G7, the group of the richest industrial countries. According to the American researcher Strobe Talbot, the objective was to sweeten the bitter pill of NATO expansion for Russia.²⁷

Asian countries rarely or never solve their conflicts by means of international arbitration. Problems are dealt with

bilaterally, and recourse to the ICJ in The Hague, for example, is seen as an escalation of a conflict. The ICJ has only been brought in on a few occasions, such as during a dispute between Japan and South Korea over Dokdo/Takeshima. China will never permit the internationalization of the conflict with Taiwan, however, and sees Japan's recourse to the ICJ over the issue of the Senkaku/Diaoyutai islands as an act of aggression.

It is notable that such sentiments can also to be found elsewhere in the world, from countries such as Brazil to many upcoming African states. In 2013, two Kenyan leaders who had been accused of crimes against humanity launched an attack on the ICC, which they accused of being racially prejudiced and a tool of the West. Their claims gained the support of two co-defendants, President Uhuru Kenyatta and Deputy President William Ruto, despite the fact that Kenya had ratified the statute of the ICC. At the end of 2014, the Ugandan President Yoweri Museveni called upon his African colleagues to revoke the ICC statute on the grounds that it was merely a Western tool, in his view. Growing nationalism is also playing a role here. Many nationalist sentiments emerged from the disappearance of the great ideological dividing lines of the Cold War, when the world was split into a communist and a capitalist camp; a division that was avoided, at any rate, by the non-aligned and neutral countries. Growing nationalism was also a response to a new phase of globalization. After the end of the Cold War, the capitalist model triumphed, economies grew rapidly all over the world, the ICT revolution gained momentum and global interdependence increased. The rapid changes that accompanied globalization led to hardship, unrest and a feeling of threat, causing many of the world's citizens to look for something to hold on to in their own surroundings.

This explains why 'Western certainties' are being called into question elsewhere in the world.

These kinds of developments are dangerous if they take place on geopolitical fault lines, where frictions in international relations have been manifest for centuries. A variant of this idea was popularized by Samuel Huntington. In *The Clash of Civilizations and the Remaking of World Order* (1996), Huntington argued that crises and conflicts occur when civilizations clash. In Europe, Western civilization is clashing with orthodoxy and the Islamic world. In the East, the East Asian, Japanese and Western civilizations are clashing. Huntington's thesis contains important observations, but it leaves many questions unanswered. In Asia, for example, many countries around the South China Sea are clashing that Huntington would count as belonging to the same civilization; after all, East Asian civilization includes not only China, but also Korea, Singapore, Taiwan and Vietnam. If we consider the ongoing conflicts in the Middle East, it is clear that clashes are also occurring within Islamic civilization. These are local or regional crises, however, that do not have an effect on the system of international relations.

Geopolitical conflicts are fought out between superpowers and great powers, and can be about the ordering and organization of international relations, access to supplies of energy and raw materials, control over space and the Arctic region, or spheres of influence. Many of these conflicts take place on geopolitical fault lines, which are easy to identify. If we start from these fault lines, then we can make predictions about where future power struggles will take place. In Europe, there is a struggle for power between the European Union and NATO and Russia. In Asia, there is a struggle for power between China and the countries around the South China Sea, and between China and the United States. We

would not expect important upcoming countries, such as Brazil and South Africa, to develop into power-political players that become involved in these kinds of conflicts, as these countries are located in parts of the world where there are no geopolitical fault lines. Thus we should not expect all BRICS or N-11 countries to start behaving in the same way in this fragmented world, or to see discord develop everywhere.

3. Power and prosperity

In 1904 Halford Mackinder became famous for his proposition, advanced at the Royal Geographic Society, that whoever commanded the Eurasian heartland would command the world island. The world island, according to him, consisted of Asia, Europe and Africa. Whoever dominated this would dominate the world. At that time, large parts of the Eurasian heartland fell under the Russian Empire, which he believed to be challenged by the German Empire. Whoever dominated the Eurasian heartland would have access to rich supplies of raw materials in Siberia and Central Asia. This access was a precondition for economic growth and thereby for military might. An interesting aspect of Mackinder's proposition is that there is a clear relationship between the dominance of territory, economic growth and military might. Today, the situation is not so very different. In Mackinder's time, power politics was largely about controlling territory. The major difference now is that the great wars of conquest belong to the past, and territorial disputes are usually about access to raw materials or the demarcation of maritime Exclusive Economic Zones (EEZs). In other words, countries are not primarily out to conquer territory, although the question of who lawfully owns small islands in maritime regions that are rich in raw materials is certainly decisive for the demarcation of an EEZ. In principle, it is about having access to these supplies.

This guaranteed access plays a decisive role in a country's economic development and therefore its social and political stability. If the unhindered supply of raw materials and energy is threatened, vital interests are put at stake and a great power will be prepared to defend these, by force of

arms if needs be. This was the case in 1990 when the Iraqi leader, Saddam Hussein, invaded Kuwait to gain control of the country's oil supplies. The international community intervened in order to restore Kuwaiti sovereignty and to prevent Iraq from gaining control of the largest part of the world's oil supplies, whereby it would become a powerful player that could hold the rest of the world to ransom.

Wars and conflicts can therefore arise if countries want to get access to scarce resources. The very presence of raw materials can be a cause of conflict. Two staff members at the World Bank, Paul Collier and Anke Hoeffler, have argued that countries that depend mainly on raw materials for their income run a high risk of domestic conflict. Whoever controls the raw materials controls the whole country.²⁸

In conflicts between states, raw materials play a role in 40 per cent of all conflicts. According to the United Nations Environment Programme (UNEP), over a period of twenty years raw materials played a direct or indirect role in eighteen cases of civil wars.²⁹ In 30 per cent of all civil wars, income from oil and gas is a catalyst for political violence. Such conflicts affect the West in the form of rising commodity prices and refugee flows. Nowadays the sharp rise in demand from emerging economies, mainly China, is playing an important role in this, although that is not to say that China is the cause of these conflicts.

Like no other country, China understands how important it is to have access to supplies of raw materials. As a rapidly developing country with over a billion inhabitants, it has an insatiable need for raw materials. Without a steady supply its economic development will be threatened. The Chinese *Energy White Paper* argues that guaranteed energy supplies are essential for national security and social stability.³⁰ This is also the reason why the former

Prime Minister Wen Jiabao established a national energy committee.³¹

Low growth rates undermine the social contract between the regime and the population, while they increase the chance of social unrest or even revolution. The social contract is grounded in reciprocity and the notion of 'harmony'. The loyalty of the people is 'bought' by the rulers, who bring prosperity, stability and security. In recent years, cracks have appeared in this social contract and disorder (*luan*) has become the Chinese leadership's greatest fear.³² Between 2006 and 2010 alone, the number of mass protest incidents doubled to 180,000 in response to government corruption, land acquisition, pollution, lagging wages and the Tibetan question. In 2013 the most important cause of protests was no longer land rights, but environmental pollution. Strikes for better labour conditions and wages in private enterprises also became more frequent. In May 2010 a strike broke out at the Honda factory in Foshan, Southern China. The strike was caused by the growing gulf between rich and poor and rising inflation and house prices. It forced the Chinese leadership to face the facts and sent shockwaves through the establishment and foreign investors, including the Japanese company, Honda.

If the social contract is broken, the Communist leadership could share the fate that befell earlier emperors: rebellion and ultimately the fall of the regime.³³ Economic growth is therefore essential for the survival of the regime itself. A disintegrating China would unquestionably cause great global instability. The uncertainty alone about the consequences that this would have for the financial interdependence between the United States and China, and the future of the massive Chinese dollar reserves, makes speculating about the consequences of the fall of China a perilous activity.

For the Chinese leadership, the challenge is thus to achieve a balance between internal stability and external confrontation. Regarding the latter, frictions have developed between China and the countries bordering the East and South China Seas where raw materials are located. This explains why China views American activities in this region with suspicion. The United States has strengthened its maritime activities in Guam, South Korea and Japan, and is reinforcing its military ties with numerous countries in the region. The Indian navy has strengthened its presence in the Strait of Malacca, whilst the British have confirmed defence ties with countries such as Australia, Malaysia, New Zealand and Singapore.

In *Winner Take All* (2012), Dambisa Moyo describes the unstoppable march of Chinese companies and their attempts to gain control of global raw materials markets.³⁴ For one thing, there are disputes with neighbouring countries about access to supplies in the South China Sea. For another, state enterprises are playing a central role in ensuring access to supplies in other countries.

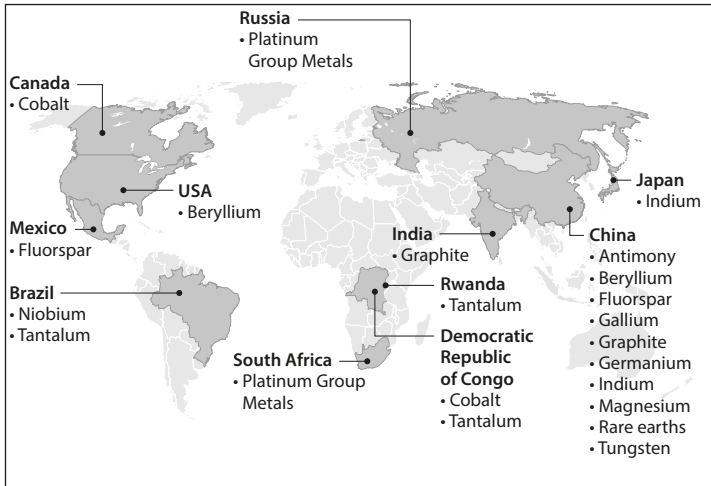
In 2007, for example, a Chinese company bought one of the largest copper reserves in the world, Mount Toro-mocho in Peru. In 2009 the Chinese company Sinopec Addax Petroleum bought large reserves in Iraq and Nigeria. Moreover, China attempted to increase its influence in the commodities market with its takeover of the London Metal Exchange in 2012. Due to overwhelming Chinese demand for lead, copper, zinc and nickel, a worldwide shortage is a threat in this area.

One global problem is that essential raw materials are only extracted in a limited number of countries. Having a limited number of suppliers brings two risks. First, local conflicts can damage the economies of countries. Second,

this is a geopolitical problem. A report by the European Union has identified fourteen critical materials that are available in uncertain supply. Countries may take protectionist measures on behalf of their own economies, or exports may be threatened by domestic crises. In 2008, EU countries had to import around 80 per cent of their zinc and aluminium, 83 per cent of iron ore and 74 per cent of their copper.³⁵

When critical raw materials are only extracted in a limited number of countries, the possibilities for strategic diversification are also limited. If the supply stops, this can be a reason to put pressure on a country using diplomatic, economic and military means, if needs be. This is why the West has been deeply involved in conflicts in the Middle East in recent decades. It is also possible to enter into strategic alliances with the countries that supply the raw materials. According to the World Bank, from 2006 80 per cent of China's trade with Sub-Saharan Africa concerned oil. Over time, however, China appears to have focused more on minerals and agriculture. China has concluded major agreements with countries such as Angola, Nigeria, Sudan and Ethiopia, whereby infrastructure is built in return for mineral concessions. One should add that this impedes Western access to these resources.

Emerging powers thus see access to raw materials as an object of power politics. The same is not true for Europe; here, the raw materials problem is seen in terms of trade politics. In Europe's reasoning, whoever pays the right price will get access to the raw materials. Economic might is not seen as an instrument of power in Europe, because economists do not view economic power in this part of the world in terms of a zero-sum game. Free market ideology holds that trade and having unhindered access to raw materials

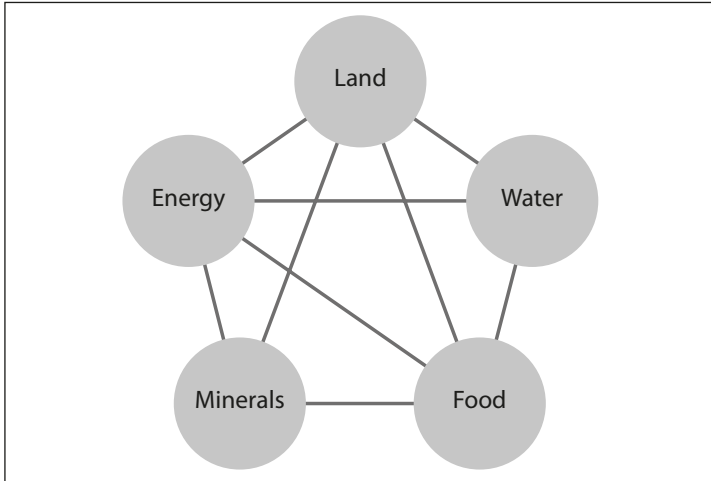


7. The global distribution of critical materials.

are always mutually advantageous. In a world in which many raw materials are becoming scarcer and countries are pursuing policies of resource nationalism, however, this is a dubious assumption.

The countries of the European Union and Japan are also sometimes seen as examples of ‘market states’, which some see as the successor to the nation state. The market state is a product of globalization. Whereas the nation state aims to increase the prosperity and well-being of its citizens, the market state wants to make citizens responsible for increasing prosperity and welfare.³⁶ This goes hand in hand with the privatization of aspects of a government’s tasks, and government policy itself is continuously adapted to the demands of the market.

The problem of the supply of raw materials is further complicated by the fact that different categories of raw materials – energy, minerals, land, water and food – are



8. The global resource nexus.

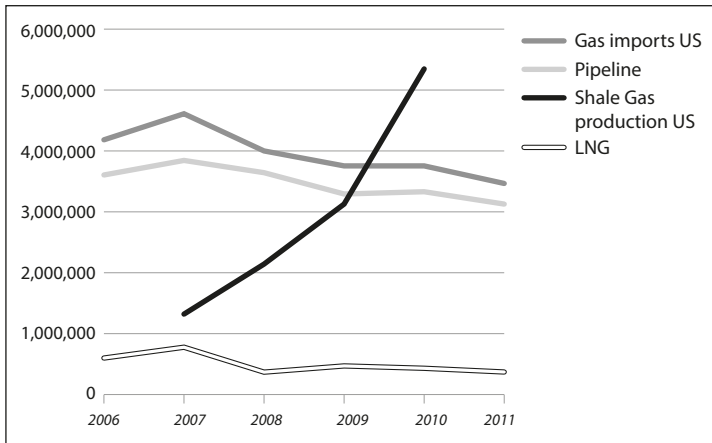
intertwined. In order to produce more food, more land and water are needed; by using more energy, those minerals that are harder to exploit can be accessed. This relationship is captured by the term 'global resource nexus'. The complexity of these mutual dependencies makes the whole system particularly vulnerable to major disruptions. International cooperation is essential, but virtually impossible with countries that see the raw materials issue as a zero-sum game.

The discussion about access to raw materials is closely connected to the emerging debate about geo-economics. The origins of thought on geo-economics go back to 17th-century thinking on mercantilism, which, as explained above, is again playing a role today. The renowned Harvard professor Samuel Huntington has written about geo-economics in terms of the continuation of war by other means. Lying at the heart of this approach is the notion that major conflicts

will largely be fought out by the great powers over economic issues.³⁷

Precisely for these reasons, the United States has been trying for decades to become less dependent on energy imports, because energy dependence curbs America's freedom of action. Therefore in response to the oil crisis of 1973, President Nixon called for the country to become energy self-sufficient by 1980. Later presidents also did this. The American President Jimmy Carter, for example, sought alternatives to America's massive energy dependence on the Middle East. The Carter doctrine, proposed in the 1980 State of the Union Address, held that the United States would view control of the Persian Gulf by the Soviet Union, for example, as a threat to its vital interests, and that this could lead to military intervention by the United States if needs be. Decades after the Carter doctrine, having unfettered access to oil and gas supplies remains a vital interest for the West.

As a consequence of the Arab uprisings and the fear that Iran is becoming a dominant regional power, there is increasing concern in the West about energy security. The Arab uprisings that began in Tunisia at the end of 2011 led to sectarian violence and threatened the fragmentation of countries around the Gulf. This sectarian violence was a by-product of the Arab uprisings. Regime collapse and the flirtation with forms of democracy cleared the way for political and even religious entrepreneurs, who stepped into the power vacuum and strengthened their power bases by playing the tribal, ethnic or religious card. The result was a polarized situation that threatened the unity of states and governments. Furthermore, several of the new regimes proved more critical than their predecessors of the West, which, after all, had propped up dictatorial regimes for decades.



9. Reduced American dependence on imports via pipelines and liquefied natural gas due to the rise of shale gas.

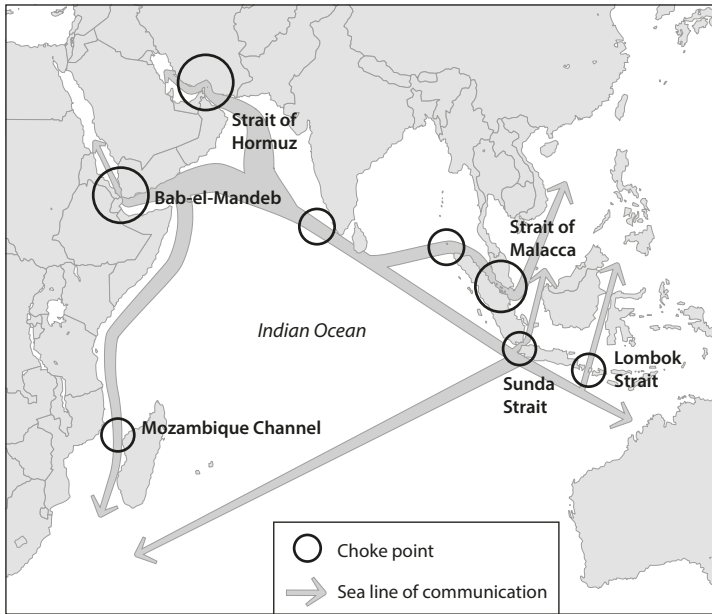
Contrary to the view put forward by the Club of Rome, the issue of energy and raw materials is thus not primarily a problem of absolute scarcity. Thanks to new extraction techniques, new reserves can be exploited. The shale gas and shale oil revolution in the United States is a good example of this. With the shale gas and shale oil revolution – in short, the shale revolution – the United States has taken a further step towards energy self-sufficiency. This lack of dependence on imports was presented in the *Global Trends 2030* study by the combined American intelligence services as a ‘tectonic shift’.³⁸

With regard to the shale revolution, according to the International Energy Agency there is now more certainty about America’s recoverable reserves, meaning that predictions about energy self-sufficiency can be accepted as fact.³⁹ Between 2007 and 2010 the share of gas imports fell from 16.5 per cent to 11 per cent as a result of domestic extraction in the United States.⁴⁰ LNG terminals, which

were intended for importing liquefied natural gas, were converted for exports. Around 2020 American energy self-sufficiency may be a fact, and in 2030 the United States may be the world's largest gas producer. This should give the United States more freedom to act in international relations, and this could have an unprecedented geopolitical and economic impact. This also explains why the United States is also considering exporting energy. Exporting gas from the United States to allies in Europe would allow the latter to reduce their dependence on Russian gas. Supplying gas could provide a means of economic pressure, whereby Russia could be forced to give up the Crimea, or abandon its intervention in Ukraine at any rate. On the other hand, exporting gas would have the effect of driving up prices in the United States. The American research institution The Brookings Institute has therefore advised against introducing legislation in this area.⁴¹

Energy self-sufficiency partly compensates for the loss of American power; at the same time, there is a shift of emphasis in the deployment of this power. The argument is that if the United States becomes autarkic, it will need to retain less military capability for protecting areas in which vital interests could be threatened in the past. Independence from energy imports means that the Middle East and Africa could become strategically less important for the United States and that the Europeans could have to do more for their own security. Discussing a nuclear deal with Iran in 2015, President Obama hinted at this when he said that 'Whatever happened in the past, at this point, the U.S.'s core interests in the region are not oil, are not territorial.'⁴²

Geo-economics is closely related to the security of trade routes and pipelines. The most important trade routes pass through conflict-ridden areas, such as the route from



10. Major trade routes across the Indian Ocean.

the Eastern Mediterranean via the Suez Canal to the Red Sea, and the route from the Persian Gulf via the Strait of Hormuz to the Indian Ocean or the Red Sea. Since the 1960s, the security of the routes through these regions has been guaranteed by the United States, which has military bases in Bahrain, Djibouti, Kuwait and Oman. The most important dispute, of course, is over access to the Strait of Hormuz, which is crucial for the world's oil exports. Oman, the United States, the United Arab Emirates and Iran are the key players here.

The most-feared scenario is a conflict with Iran, which the West believes to be striving for dominance in the region. During a crisis, Iran would be able to close off the Strait of Hormuz, completely or partly. There is also the

fear that Iran is developing 'Anti-Access/Area Denial' (A2/AD) capacities in order to deter the American 5th Fleet, for example. Unlike China, Iran is not putting its money on high-tech ballistic missiles and submarines that can be deployed against ships, but on a system of anti-symmetrical, low-tech 'mosaic defence'. On land, the population will be mobilized against the aggressor; in the region, the aim will be to subvert the political order, so that Iran can emerge from the developing chaos as a regional hegemon. At sea, it will deploy a combination of short-range missiles, smart mines and 'swarms' of small, rapid ships that can approach, surround and fire on large warships.

Oil and gas reserves have made the Gulf the focus of the geopolitical struggle in recent decades. For this reason, France, India and China have also strengthened their positions. China has had a naval taskforce in the Gulf of Aden since 2008, which turns up in the Mediterranean each year. In 2011 a squadron was even sent to Libya in order to rescue compatriots. India has permanent bases in the Arabian Sea and in the Gulf of Aden, while France has a base in Djibouti.

Less well-known are the disputes in the eastern part of the Mediterranean. During the financial bailout of Cyprus, when the country was facing bankruptcy, the Cypriot gas field frequently came up. The gas reserves are thought to be so extensive that they would allow Europe to become less dependent upon Russia, a very attractive prospect. Russia cut off gas supplies to Ukraine in 2009 during a dispute about payment, meaning that parts of the European Union also ended up without gas. Since then, some countries have been actively looking for alternatives. Central and Eastern European countries such as Ukraine, Poland and Romania are pinning their hopes on shale gas. Gas from Cyprus could also be a solution. This means that the country's

position is becoming more important geopolitically. When the European Union's first bailout plan was rejected by the Cypriot parliament at the beginning of 2013, on the grounds that people with small amounts of savings would also be hit, the government in Nicosia turned to Russia. The gas reserves were offered as collateral; it is thought that they could generate revenues as high as 400 billion dollars. At the same time, the Aphrodite gas field is the key issue in the dispute with Turkey. As early as 2003 Cyprus demarcated its maritime border with Turkey, and it did the same with Egypt in 2007. Turkey does not recognize these borders, because part of Cyprus is considered to be Turkish territory. If Cyprus were to allow drilling in 'Block 12', Turkey would send in its fleet. The Turkish problems surrounding the accession negotiations with the EU, of which Cyprus is a member, are linked to this of course. Russia has supported Cyprus' claims, however, and to reinforce this, in 2013 Russia carried out its largest naval exercise since the end of the Cold War. In February 2015 the Cypriot government signed an agreement to give Russian naval ships access to Cyprian ports. In short, partly due to the debt crisis, the geopolitical struggle has also become visible in the Eastern Mediterranean.

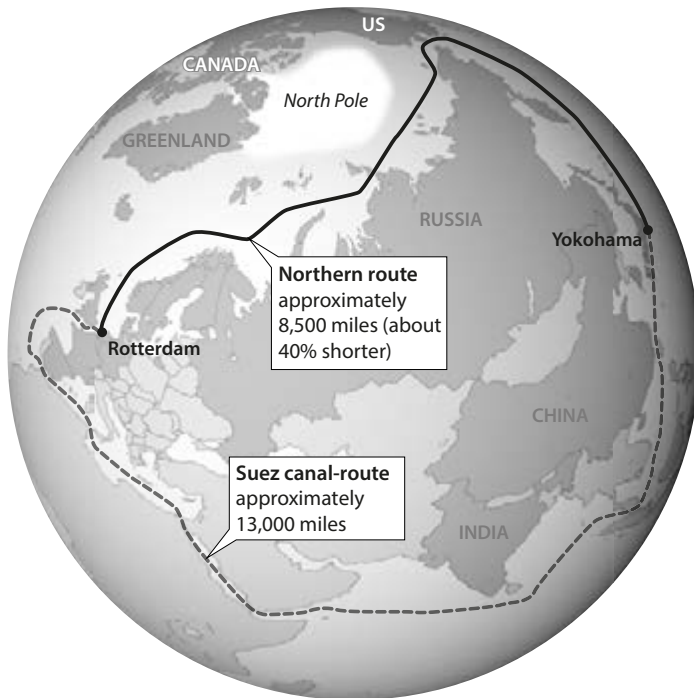
With Russia's annexation of the Crimea, a new situation has arisen in the Black Sea, whereby Russia's access to the Mediterranean via the Bosphorus appears to be more secure. Since the danger that the naval port of Sebastopol might end up in a NATO area has been averted, the Kremlin has retained its freedom of action in the Black Sea. Moreover, the annexation of the Crimea has also brought an EEZ with large oil and gas fields into Russian hands.

In Asia, the transit routes from the Indian Ocean via the Strait of Malacca and then northwards to the South and East China Seas are crucial to the economies of countries such

as China, Japan and South Korea. The development of the Chinese navy, the politics of the South China Sea and the construction of naval facilities in and around the Indian Ocean all reinforce the impression of a country that is taking the protection of its maritime supply routes seriously. The consequence is that the first signs of militarization in the region are visible. In order to safeguard its supply routes, China is building numerous naval facilities in the Indian Ocean to support its fleet's expeditionary operations. These are focused on securing the supply routes of raw materials from Africa.⁴³

The route that most appeals to the imagination is the one through the Arctic region. There would appear to be great advantages to taking the northern passage, both via the north of Russia (the Northern Sea Route, or NSR) and via the north of Canada (the North West Passage, or NWP). The distance between Japan and Europe's biggest harbour, Rotterdam, is 40 per cent shorter with the northern route than with the regular one. In September 2013 the first Chinese cargo ship, the *Young Sheng*, arrived in Rotterdam via the northern route. The ship was transporting cranes for the new Maasvlakte industrial area and port. If ships from Vancouver were to take the northern route via Canada rather than the Panama Canal, this would mean a difference of 20 per cent of the distance to Rotterdam.

In practice, in the coming decades, the short sailing season, the inhospitable conditions and the lack of search and rescue capability will count against using the northern routes. Moreover, due to shallow waters, ships that take the NSR cannot draw more than 12.5 metres and must be less than 30 metres wide and weigh no more than 50,000 tons.⁴⁴ For these reasons, use of the northern routes is not expected to pick up significantly in the coming decades.



11. The consequences of melting Arctic ice for shipping.

Despite this, the Arctic region remains important, because large supplies of raw materials and energy are thought to be located there. According to the United States Geological Survey, there is a 90 per cent likelihood that the polar region contains 6-23 per cent of global undiscovered oil reserves and 14-54 per cent of undiscovered gas. The margin for uncertainty of commodities supplies is wide, however, and what is more, no such estimates exist for raw materials such as zinc and copper. Add to this the barren climate conditions for drilling, major logistical problems due to the inhospitable and distant location of the resource-rich areas, the difficulty of travelling over land during periods of thaw,

and also the stringent environmental requirements. All of this, and the fact that the proven reserves have mainly been found in areas that are not contested by countries, explains why the Arctic region is not currently the subject of a mounting geopolitical struggle, and why countries are adhering to multinational agreements in this area.

The United Nations Convention on the Law of the Sea (UNCLOS) is the most important framework for conciliation, followed by the Arctic Council, a rather informal forum that was founded in 1996 by the eight states bordering the Arctic region. Although the United States has not ratified UNCLOS, it does adhere to it. Despite this there are some disputes, such as over Hans Island, which has been contested by Denmark and Canada since 1984. Every now and then the claims are backed up by military expeditions. In 2007 a Russian submarine planted a flag in the seabed under the North Pole in order to make it clear who owned the area. Indeed, countries such as Russia and Canada have stepped up their military activities in the area with an eye to potential disputes over transit rights and access to raw materials, but in practice this is not comparable with what is happening elsewhere at the world's geopolitical pressure-points. One striking development is Chinese interest in the Arctic region. Since May 2013 the country has been an observer on the Arctic Council. This step was prompted by China's mistrust of Russia's Arctic policies, which in its view were threatening free transit and access to stocks of raw materials.

Nevertheless, a geopolitical power struggle for the Arctic region appears a distant prospect. What is the situation regarding space?

One parallel with the Arctic question is the interrelationship between security and economics. What is more, space

is also a relatively new domain for power politics. There are now eleven countries that can launch objects into space and more than 60 countries jointly manage more than 1,100 satellites. There has been speculation about the waging of war in space for many decades now. Whoever is able to disable a country's satellites makes that country blind, deaf and poor. Without satellites, a country is no longer able to launch missiles, control its land forces, navigate its ships or activate its missile defence. And without systems in space, a large part of the economy would come to a standstill. If satellites were disabled, navigation would be largely impossible, communication would be made more difficult, and financial systems would be hit hard.

In short, space is a 'critical enabler' for waging war on land, at sea and in the air. Space is also essential for economic development on earth. Given this, an attack on satellites would be no less than a declaration of war, one that would provoke massive global panic. The discussion about the waging of war in space reached its first climax in the 1980s with Ronald Reagan's Strategic Defence Initiative (SDI). He foresaw a future with exotic space weapons that would be able to destroy satellites, space weapons and incoming missiles from the Soviet Union. The system was never developed, however, due to its high cost and the technological challenges.

The importance of space for warfare was also shown by President George W. Bush's National Space Policy. According to the President, the free use of space was as important as the free use of the sea or airspace. This meant that the United States had to possess the means of defending its satellites and other systems in space.⁴⁵ China interpreted the American space policy as an attempt to dominate space. China's main fear was that the American withdrawal from

the Anti-Ballistic Missile (ABM) Treaty would be a prelude to an arms race in space. The simultaneous construction of a larger missile shield and capabilities that could be used against satellites, for example, would give the United States a huge strategic advantage. The smaller Chinese nuclear arsenal would lose its effectiveness at one stroke, whereby China would find itself without a deterrence capability. This was seen as an attempt to contain Chinese power and to restrict the Chinese freedom of movement in the surrounding seas and on the Taiwan question.⁴⁶

China did not stand idle: in January 2007 an old satellite was destroyed using an anti-satellite weapon, and in January 2010 a missile was destroyed with an anti-missile for the first time. With this, China joined Russia and the United States in the club of countries that possess these kinds of capabilities. One solution to an arms race in space, of course, would be a multilateral treaty, but there is no prospect of this. Nevertheless, such a treaty would be important, if only as a confidence-inspiring measure, because the risk of accidents in space grows by the day. Around 20,000 scraps of space debris with diameters of 4 centimetres or more are now circling the earth. The risk that one of these causes great damage to a satellite or space station thus also becomes greater every day. If a country were to conclude erroneously that the damage had been caused not by space debris but by a third-party attack, this could lead to war. It was for this reason that the European Union came up with the first version of a Code of Conduct for Outer Space Activities in September 2010. The code provides for a reduction in the risk of accidents and the free use of space by means of non-binding, voluntary agreements.

Closely linked to the discussion about space is the discussion about cyber-security. Here, too, China fears that the

United States wants to dominate cyberspace, a fear that is based on documents such as the Pentagon's 2011 *Strategy for Operating in Cyberspace*.⁴⁷ The strategy argues that cyberspace is crucial for the functioning of the economy and defence, and that potential opponents will want to disrupt cyberspace. Defensive and offensive measures will thus be needed in response. Although the American strategy was mainly focused on the protection of infrastructure, the Chinese and also the Russian fear of American dominance of cyberspace only became greater with Edward Snowden's revelations about the working methods of the National Security Agency (NSA) and the British Government Communications Headquarters (GCHQ).

The revelations show that the United States has very extensive programmes to monitor Internet traffic, that it can intervene where necessary, and that it has extensive digital spying capabilities. The most important controversy relates to espionage. The United States noted extensive Chinese espionage activities targeted at industrial secrets, intellectual property rights and negotiation positions. In February 2013 it was announced that a Shanghai-based part of the Third Division of the General Staff of the People's Liberation Army was probably the centre of signals intelligence activities and thought to be responsible for many cyber-attacks in the United States.⁴⁸ The Chinese authorities denied the allegations, of course, but the evidence mounted. For example, there is evidence that hardware produced in China and exported to the United States was equipped with 'back doors' that could spy on American companies and government institutions. For this reason, the Chinese telecom giant Huawei was blacklisted in the United States. In response to this, China obstructed the American company Cisco's market access. Since then, the Chinese People's

Liberation Army has adopted a cyber-doctrine in which warfare in the cyber-domain is accorded the same value as the waging of war by more conventional means.

Nevertheless, it does not appear that the world is about to see a large-scale cyber-war that fundamentally changes the nature of warfare. Sabotage and espionage will remain the most important activities of state and non-state actors. The issue is thus not one of cyber-warfare, but one of cyber-attacks for criminal and political ends.

There are only a few incidents that can be counted as deeds of cyber-warfare. As early as June 1982, a secret operation by the United States is thought to have led to an explosion in the Urengoy-Surgut-Chelyabinsk pipeline. It is said that the CIA placed software in computer systems controlling the pipeline's valves and pumps. Furthermore, there are suspicions that Russia wanted to send a clear message to Estonia with a cyber-attack in 2007. This 'denial of service attack' appeared to be a reprisal for the displacing of a bronze statue of a soldier erected in the Soviet era to commemorate fallen soldiers. The attack hit banks, ministries, the parliament and the media. In this and other cases, though, it has proved impossible to determine whether the suspected aggressor was really the aggressor. The closest to a deed of cyber-warfare was the Stuxnet attack, an attempt to sabotage the Iranian nuclear programme. It is suspected that American and Israeli programmers developed a worm that, with the help of a USB stick that was smuggled in, could disrupt the computers at the Iranian enrichment plant in Natanz. The project, dubbed Operation Olympic Games, is thought to have begun in 2005 and was discovered in 2010. Once again, though, hard evidence is lacking.⁴⁹

Another possible case of cyber-warfare occurred in response to an alleged cyber-attack on Sony at the end

of November 2014. The Democratic Republic of North Korea was thought to be behind it. Sony was on the verge of releasing the comic film *The Interview*, which featured an attempt to assassinate the North Korean leader Kim Jong-un. The hackers made it clear that they were opposed to the film's release. The hackers made information about new Sony films, details about personnel and compromising e-mails public. President Obama responded with sanctions against ten North Korean leaders and three organizations. Moreover, North Korea experienced a number of Internet blackouts. Uniquely, this was the first time that a cyber-attack led to sanctions.

If cyber-attacks are ever to be considered cyber-warfare, then it will have to be clear who the aggressor is, what its motives are, and which political ends the attack is meant to achieve. Whilst all of these are often difficult to prove, this is not to say that future wars will not include a clear cyber-component. Attacks on an opponent's so-called C4ISR structure⁵⁰ can paralyse every military response. Furthermore, the global economy is dependent upon communications and information technology. This cyber-threat is linked to the idea of economic security. In future, vulnerabilities could only be magnified if systems are linked together on a large scale through the 'Internet of things'.

The information and communications revolution does have major implications for the distribution of power, something that is also a result of the low cost and accessibility of global communications. According to Joseph Nye of Harvard University, this leads to a 'diffusion of power'.⁵¹ This revolution has resulted in an explosion in the amount of information that is available to everyone. As a consequence of this, individuals, non-governmental organizations (NGOs), criminals and terrorists are now also

able to influence foreign policy. As a result, foreign policy is becoming less and less the exclusive right of governments.⁵²

We should note, though, that erosion of this exclusive right has been going on for a long time. This is clear from the erosion of high politics, which is becoming more and more like low politics. High politics is about sovereignty, security and ultimately, the survival of the state. Foreign policy, defence and national security fall under high politics and have been government responsibilities for centuries. Low politics is about the prosperity and well-being of the people. Care, education and social services all fall under low politics, for example. Governments mainly have a stimulating role to play here.

As a consequence of European integration, during the Cold War there was a blurring of the difference between high politics and low politics in the mutual relations between European countries. This is because in the relations between the member-states of the European Union, security, for example, is no longer at stake. After the Cold War there was a short-lived period of absolute Western superiority. In Europe, the notion that territorial integrity and interests had to be defended was pushed into the background; and with this, the concept of power politics was also pushed into the background and security was increasingly seen in humanitarian terms. If military power was used, for example, then this was mainly for humanitarian reasons.

As a result of the information and communications revolution, the distinction between high politics and low politics has become even more blurred. Non-state actors, from terrorists to criminals, and from NGOs such as Greenpeace and the International Crisis Group to multinationals, are becoming stronger players, whilst constitutional states are becoming better organized. The consequence is that

Western governments, unlike autocratic leaders, are less and less able to pursue power politics effectively.

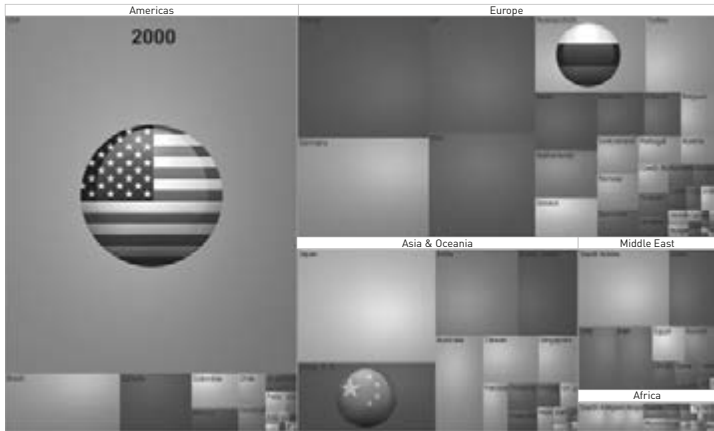
To summarize, the future political struggle will focus mainly on economic targets and will take place along geopolitical fault lines. Whilst one might expect to see a struggle for the North Pole, space and cyberspace, this has not been the case in practice. At the same time, the erosion of high politics means that Western governments will engage less and less effectively in the power struggle and protecting their interests.

4. What determines a country's power?

Power is the ability to get others to do what one wants. This can be done in a positive way through encouragement (incentives), or in a negative way through force (coercion). If diplomacy is reinforced with economic sanctions and the threat or limited use of military power, then we call this 'coercive diplomacy'.⁵³ During the Ukraine crisis, which will be discussed in Chapter 9, the European Union and the United States attempted to influence President Putin's behaviour by using coercive diplomacy. Strategy is the critical success factor for this. Strategy determines how political aims should be met using instruments of power. For the political aim, what is essential is not to convince one's opponent that they are wrong – after all, this will not work – but to manipulate and influence his politico-strategic choices.

A country has limited options for exercising its power. Economic sanctions and the use of military might are the only instruments to exercise real power. These two instruments thus determine the effectiveness of a country's diplomacy.

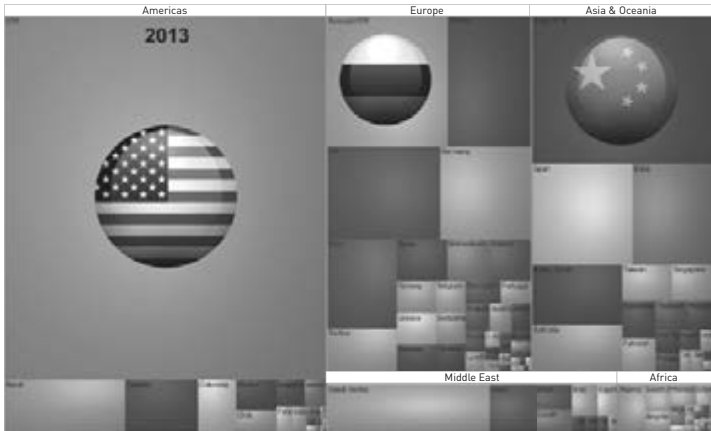
In the 18th and 19th centuries, the size of a country's land forces was the most important expression of its power. During the inter-war period, naval capabilities were the most important expression of power. During the Cold War, power was expressed by having massive armed forces and nuclear weapons, which had to deter the opponent from using its armed forces. After the Cold War, a unipolar world emerged and the focus came to lie mainly on GDP. In the



12. The global military balance of power in 2000, based on SIPRI data.

West, military might became an instrument for achieving humanitarian objectives, for example.

A study by the American RAND Corporation has established that a country's power is dependent upon three variables: wealth, innovation and conventional military capabilities.⁵⁴ Wealth, as expressed by GDP, provides independence, can be used to put pressure on opponents and offers a good starting point for negotiations. Innovation is needed for prosperity and having better military capabilities than potential opponents. It is striking that the RAND study did not identify nuclear weapons as an instrument of power. This is because nuclear weapons cannot or can hardly be used on the battlefield, while their use can lead to mutual destruction. These weapons are mainly suitable for deterrence and as an ultimate security guarantee. It is thus unsurprising that China and Russia view the American conventional weapons programme *Prompt Global Strike* (PGS) with distrust. This programme is a typical example of how innovation can lead to better conventional, non-nuclear military capabilities. PGS



13. The global military balance of power in 2013, based on SIPRI data.

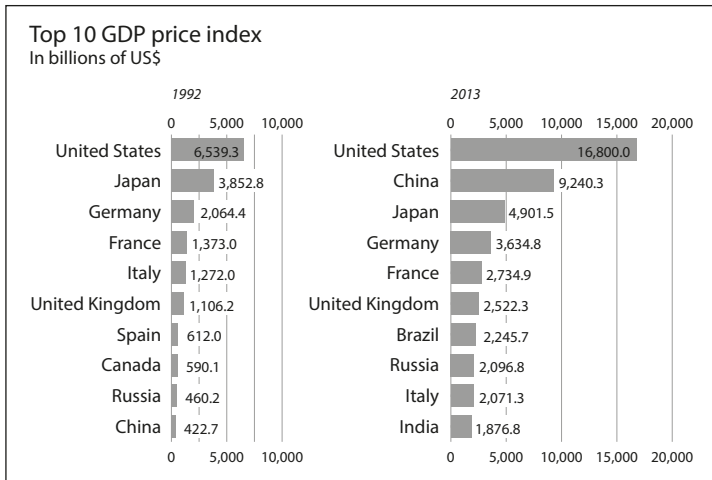
supplies conventional weapons systems that allow any place on earth to be attacked within one hour. It thereby makes use of missiles that are fired from land or from submarines, cruise missiles that are launched from aircraft, or weapons that are fired from space. With these weapons, it could take longer before it becomes essential to use nuclear weapons. However, critics have argued that this actually has the effect of blurring the borderline between conventional and nuclear weapons. For this reason, the Bush Administration decided against the use of a modified nuclear Minuteman III missile. If Russia or China were to see such a missile coming, they might assume that it was a nuclear attack and respond by launching one of their nuclear missiles. President Obama went ahead with the project, however.

Wealth, innovation and military might play a deciding role in how effectively the two instruments of foreign policy can be used. The two are interlinked and are decisive for the extent to which a country is able to get its way in international relations.

The size of a country's GDP is determined by the size of its population, the degree of urbanization, technological development and access to raw materials and energy. The size of a country's GDP does not tell us everything, however. At the beginning of the 19th century China had the largest economy in the world, but it was much too focused on domestic affairs to be a global player. In the same century, Great Britain was *the* global power, but it certainly did not have the largest economy. Britain gained its position due to the high income per capita of the population and its innovative ability, which found expression in the Industrial Revolution. Size does matter, then, but it does not tell us everything. Tiny states such as Luxemburg have a high income per capita, but they cannot mobilize any sizeable military force. Therefore, they cannot exercise any meaningful power. The same is true of the most highly developed medium-sized industrialized democracies, such as the Netherlands, the Scandinavian countries and Canada. These countries have to focus on their persuasive power and the status quo in international relations. Power can only be exercised by these countries in coalitions.

Regardless of their actual power, countries attempt to achieve their aims through a combination of cooperation and confrontation. Countries therefore play the cultural, normative and ideological card, as well as the military one. Soft power is important for this, and can be seen as a third instrument of power. The concept was popularized by Joseph Nye.⁵⁵ He argued that international relations is not only about forcing a change of course by exercising hard power, but also through enticement, or soft power. I will look at this in more detail in Chapter 8. We should note that Nye concluded that it was not possible to have an effective foreign policy based on soft power alone. He therefore

Table 1. The top-10 countries in terms of GDP in 1992 and 2013, according to the World Bank



introduced the term ‘smart power’,⁵⁶ a combination of hard and soft power.

Dhruva Jaishankar, an Indian academic, has added a fourth instrument, namely a country’s resilience. He points out that the Soviet Union collapsed despite its overwhelming military potential. Resilience is about a state’s ability to keep going, even if it is facing economic, political and social difficulties.⁵⁷ He argues that the United States, for example, may be a young country, but it is one of the countries with the longest experience of democracy and internal stability, in contrast to China, for example, where the social contract between population and leaders hangs in a fragile balance.

Only superpowers and great powers have the economic and military resources to exercise real power in the world. These countries, as suggested above, play a decisive role in the system of international relations; in short, in the world order.

Whether a country actually pursues power politics is dependent upon its power *relative* to other countries. By definition, superpowers and great powers have global interests that they have to defend in the interests of their own prosperity and security. These interests can be material or immaterial in nature. Material interests, for example, include access to raw materials and energy supplies. Immaterial interests are usually of an ideological nature, such as democracy and human rights.

Great powers such as the United States take a more instrumental view of international law and international institutions. If they serve their interests, then they are used; if not, then international law and intergovernmental institutions are passed over. The ambivalent attitude of the United States with respect to the UN is one example of this, as were the American-led interventions without explicit mandates in Kosovo (1999) and Iraq (2003).

Highly developed medium-sized democracies, such as Canada, Australia, the Netherlands and the Scandinavian countries, have been the most effective in determining their position in the geopolitical power game of the great powers. In addition, they have been able to develop alternatives to the great powers' military power game. For their economic development, these countries have an interest in a stable and peaceful world. For this reason, these kinds of countries advocate a well-functioning international legal order and want to use their military might largely for humanitarian reasons. This means that they believe there should be compliance with international law and that the intergovernmental institutions that reflect this legal order, such as the UN and the Organization for Security and Co-operation in Europe (OSCE), should be effective. Other highly developed medium-sized democracies, such

as Finland, Sweden and Switzerland, attempt to preserve their neutrality in the geopolitical power game.

Another group of countries has organized itself as the Non-Aligned Movement. From 1961 onwards, on the initiative of countries such as Egypt, Yugoslavia, Indonesia and India, this group attempted to find a third way alongside capitalism and communism. The movement still exists, although the goal has since shifted to finding common standpoints, for example in the UN and other intergovernmental organizations.

The other, smaller countries are by definition the object of a power struggle between the great powers and the superpowers. During the Cold War the leaders of both systems, the United States and the Soviet Union, attempted to bring other countries into their spheres of influence or to limit their opponent's sphere of influence. This led to conflicts about the demarcation of the spheres of influence, such as the Cuban missile crisis (1962) and the war in Vietnam (from the 1960s to 1973).

That is not to say that smaller countries do not pursue power politics. By cleverly picking a side, they can exercise more influence than one might expect, given their position. The best example is the Netherlands, which after the Golden Age was too small to wield decisive influence in world politics. By concluding alliances, first with the United Kingdom and later with the United States, the Netherlands managed to augment its influence. Both the Pax Britannica and the Pax Americana were masterly examples of balance-of-power politics, whereby the Netherlands was protected by great powers and was also able to use these great powers to realize part of its foreign policy agenda. This mainly concerned the promotion of immaterial issues, such as the strengthening of the international legal order and the

reinforcement of intergovernmental institutions. Moreover, the Netherlands made itself into a bridge between the United States and Europe, allowing it to act as an intermediary in the realization of American policy with its European allies. Both the Pax Britannica and the Pax Americana were types of power politics, because they helped the Netherlands to form a counterweight to the large, dominant continental European powers of Germany and France. As a result, a small country such as the Netherlands could maximize the amount of latitude it had in Europe for its foreign policy.

The major difference between small and great-power politics is the lack of opportunities to change things to one's advantage without taking account of other countries, institutions or international law. Allies profit from this 'shaping power'. Smaller countries have two options in the geopolitical game: to take sides or remain neutral. NATO was composed of allies that defended themselves collectively against the Soviet Union and the Warsaw Pact. It even included a country without an army, Iceland. Owing to its location between Europe and America, Iceland was of major logistical significance to NATO during a conflict with the Warsaw Pact.

The decline in American shaping power thus also has great implications for smaller countries. The new world order is characterized by a system of multiple centres of power and divergent ideas about the value of institutions such as the UN, international law and international agreements or regimes, such as the climate treaties. Emerging powers want to conform to international institutions and international law if it is in their interest to do so. Whilst these countries are not calling the international legal order *per se* into question, they are usually anti-Western, often reject the pretence of universality of the world created by

the West, and usually put economic development ahead of international agreements, such as those on the climate. The next chapter will look at the rise and fall of the superpowers that determine the world order with their shaping power.

5. The rise and fall of great powers

Adherents of the idea that the power of the United States will decline point to the fact that historically, all great powers have risen and fallen. The Roman Empire, Spain and Portugal in the 16th century, the Netherlands in the 17th century, France under the Emperor Napoleon at the end of the 18th century, the British Empire in the 19th and 20th centuries, the Russian Empire and later the Soviet Union: each rose and fell. During the Cold War the Americans had to share their power, but the fall of the Soviet Union in 1991 marked the beginning of a unique period in world history in which one country rose to an unassailable position of power and could in effect define the world order.

Some academics link the discussion about the decline of American power with the notion of 'imperial overstretch': the idea that the increasing economic and military costs of holding an empire together or expanding it become so massive that a great power falls. The British historian Paul Kennedy became famous for this theory. His book, *The Rise and Fall of the Great Powers* (1987), charts the rise and fall of global empires between 1500 and 1980. In the book he defends the argument that having access to raw materials and a long-lasting, strong economy determines a country's great power status. This is consistent with the modern debate about geo-economics. According to Kennedy, countries decline as great powers if they assume more economic and military commitments than they can handle. Kennedy thus argues that military might and economic development go hand in hand. In Kennedy's opinion, in most cases the fall of a great power is the result of protected, large-scale military deployment and neglect of the economy at times of war,

and of the extent of the great power's relative decline in the decades preceding its ultimate fall.⁵⁸

Historically, hegemonic powers have spent more than 10 per cent of their GDP on defence. The figure for the United States is much lower.⁵⁹ The Americans have undoubtedly spent astronomical sums on defence, but even at the peak of the wars in Iraq and Afghanistan, this never exceeded 4 per cent of GDP. Nevertheless, the United States has suffered from 'imperial overstretch', which could be interpreted as the beginning of an American decline. The combination of seemingly endless wars in Afghanistan and Iraq, President George W. Bush's decision to lower taxes while the country was at war, the financial crisis, the historically high level of national debt, the subsequent cuts in defence spending and the relative withdrawal of the United States from the world stage under Obama all indicate symptoms of declining power, as described by Kennedy.

As suggested above, the basis for this declining power lies in the ideas captured in the *Defense Planning Guidance* of 1991. This document was characterized by a gross over-exaggeration of the extent to which the US could shape the world order in line with its ideas. The *Defense Planning Guidance* fits with the tradition of neoconservative thinking that developed in the 1960s and reached its apex under the administration of George W. Bush (2001-2009). Many key players from the early 1990s were given a second chance under this President. They came together in the Project for a New American Century. The signatories to the project's Statement of Principles included a large number of members of George W. Bush's later government: Dick Cheney, Donald Rumsfeld and Paul Wolfowitz.⁶⁰ They called for increased defence spending, and from 1992 made the case publicly for regime change in Iraq. The inclusion of these hardliners in

the government meant that neoconservative views became dominant. Neoconservatives take an ideological view of international relations that is rooted in the power-dominated thinking of the Realist school. They have the pessimism of Realists, because they understand that international relations are all about power, and they are optimistic, because they believe fervently in America's 'shaping power'. Under President George W. Bush, the opinion became widespread that the assertive promotion of democracy would serve American interests and that democracy should be imposed militarily, if necessary.

After taking office, President George W. Bush's foreign policy was initially characterized by restraint. At first, his policy was directed against China. Shortly after he had taken office, in April 2001 an EP-3 E, an American spy-plane, was intercepted off the Chinese coast and forced to land. The 24-man crew was imprisoned, but released eleven days later. The focus on China shifted, however, after the attacks of 11 September 2011 in New York and Washington. The discussion about the geopolitical struggle with China was pushed into the background and the focus became Al-Qaeda, which had been responsible for the attacks and had training camps in Afghanistan. Moreover, the Taliban exercised a reign of terror in that country, based on extremist Muslim fundamentalism. President George W. Bush received significant international backing for the intervention in Afghanistan. The French newspaper *Le Monde*, hardly a pro-American publication, even wrote that 'we are all Americans now'.

Entirely in line with *Defense Planning Guidance*, the Bush Administration subsequently opted for a strategy focused on maintaining America's hegemonic power and far-reaching unilateralism. Hegemonic power or 'primacy' means that the United States can determine the rules of

the international game without being challenged by any other country. The President first applied his revolutionary vision to the region containing the Middle East and the Gulf States, the Greater Middle East. According to this vision, if the Iraqi President Saddam Hussein were ousted, a free, democratic state would emerge. Bush also believed in the domino theory: if Iraq were to become free and democratic, other states in the region would follow. The revolution could be encouraged by destabilizing countries such as Syria and Iran, because the people in these countries were also thought to be longing for freedom and democracy, and would greet the Americans as liberators. Freedom and democracy would unquestionably lead to stability and prosperity, certainly if a free market economy were also welcomed with open arms. There was some evidence for this, because democracies are constitutional states with well-rooted political institutions, such as an elected parliament, a legitimate government and an independent judiciary. These are instruments for channelling social and economic unrest and maintaining stability. There were also clear indications that Bush's offensive strategy was having some effect. After the invasion of Iraq, for example, a process of normalization of relations between the West and Libya got underway, when President Gaddafi renounced terrorism in a clear effort to avoid the same fate as Saddam Hussein.

The neoconservative doctrine supported by George W. Bush was based on freedom, democracy and the free market as the 'single sustainable-model for national success'. This was seen as a universal template for the development of every country.⁶¹ Furthermore, human dignity was thought to encompass a number of non-negotiable aspects: the limitation of state power, freedom of expression, freedom of worship, equality before the law, respect for women,

religions and ethnic toleration, and respect for private property.

The neoconservative foreign policy agenda unfolded in a succession of concrete steps. On 20 September 2001 George W. Bush formally declared war on terrorism in the American Congress and gave an ultimatum to the Taliban government in Afghanistan. In London the President presented his vision to a European audience. Peace and security, the President argued, rest on three pillars: international institutions, the willingness of free countries to combat aggression and evil, and the revolution in the form of the global dissemination of democracy.⁶²

The body of thought underlying this was only expressed clearly with the State of the Union Address of 29 January 2002. The American President spoke of an 'axis of evil', by which he meant countries such as North Korea, Iran and Iraq. He claimed that these states were threatening world peace by developing weapons of mass destruction. They could put these weapons into the hands of terrorists, who could then use them to blackmail the United States. According to the President, the 'price of indifference would be catastrophic'.⁶³

Bush subsequently announced a fundamental change of policy during a speech to the US Military Academy at West Point on 1 June 2002, the day on which cadets received their diplomas. For more than half a century, deterrence and containment had been central concepts in the fight against the communists. Deterrence concerned the threat of destroying communist countries with nuclear weapons in the case of aggression. In the case of terrorists, however, this concept had no value; for who or what would have to be deterred? Containment was meaningless if dictators were able to give their weapons of mass destruction to terrorists in secret.

Therefore, according to Bush, deterrence and containment had to be replaced by pre-emptive interventions.⁶⁴ In other words, if the threat of an attack were suspected, it would be necessary to intervene. With this, a new unilateral first-strike policy of preventative intervention was born. Vice President Dick Cheney underlined the importance of this policy in a tough speech to war veterans on 26 August 2002. According to him, a pre-emptive attack on Iraq was necessary. There was no doubt in his mind that Saddam Hussein was in possession of weapons of mass destruction and that he also wanted to use them. Here was a vice president who did not shy away from unilateral action and who saw the United States as a hegemonic power.⁶⁵

This vision was confirmed in the 2002 National Security Strategy, the American President's most important security document. In this, the policy of pre-emptive attacks on rogue states that supported terrorism was formally adopted. The President claimed the right to self-defence, as set out in Article 51 of the UN Charter. The idea of a preventative war came as a bombshell. George W. Bush went a step further, however. For one thing, he dressed up the policy with ideology. For another, he changed the fundamentals of foreign policy and argued for the use of American power to shape the world in accordance with American ideas.

This combination of ideology, American power and the desire to change the world order is reminiscent of the revolutionary thinkers of the 20th century. They wanted to overturn the existing order and proposed a 'Big Idea' that would solve all social and economic problems. The Secretary-General of the UN, Kofi Annan, noted that the world largely had bad experiences in the previous century with people who claimed to have a monopoly on truth and a solution to humanity's afflictions.⁶⁶

George W. Bush's major strategic error was to fail to complete the intervention in Afghanistan and to leave it initially largely in the hands of allies while the United States, under pressure from neoconservative members of the government, shifted the fight to Iraq. Ousting Saddam Hussein proved to be relatively simple in 2003, but ultimately, control could not be established in Iraq. After many years of fighting, the Americans pulled out. Nine years after the overthrow of Saddam Hussein and only a few months after the last American troops had left the country, Ned Parker concluded in *Foreign Affairs* that Iraq had become a failed state.⁶⁷ Moreover, the Iraq war and its aftermath probably cost the lives of more than a million people, most of them civilians. In the years after the American withdrawal Iraq fell further into disarray, meaning that the country posed an even greater threat to the region.

The war in Iraq had a number of negative effects. First of all, the war harmed the reputation of the United States. In most European and in all Muslim countries, the general public believed that the world had been safer prior to the American invasion of Iraq and before the overthrow of Saddam Hussein.⁶⁸ Only in 2013 did the United States' popularity rating return to what it had been before the intervention in Iraq.⁶⁹ More serious than the temporary loss of reputation was the cost of the war, which was at least a trillion dollars. If one includes the conflict in Afghanistan and Pakistan, the figure rises to around 4 trillion dollars. The Nobel Prize-winner Joseph Stiglitz and the Harvard budget expert Linda J. Bilmes suggested that the wars made a significant contribution to the colossal American budget deficit. There is also the fact that in 2001 and 2003, taxes were lowered in wartime for the first time. As a result, in the period before the financial crisis, between 2003 and

2008 the budget deficit rose from 6.4 trillion dollars to 10 trillion dollars. This meant that the United States was in an unfavourable position when the financial crisis erupted in 2008.

Perhaps even more serious is the fact that the American interventions gave an impetus to *jihad*. The interventions gave Osama bin Laden, the leader of Al-Qaeda – the organization behind the attacks of 11 September 2001 – a formidable argument for recruiting new extremists. Indirectly, the decision to shift the war from Afghanistan to Iraq contributed to the advance of Al-Qaeda-allied extremists or jihadis in the Gulf region and North Africa. This process had already been under way for some time. Based on historical data, both the American researcher Robert Pape and the American Defence Department Science Board saw a clear correlation between American interference in Iraq from the First Gulf War of 1990 and an increase in the number of terrorist attacks.⁷⁰ One important catalyst for this was jihadi indignation at the stationing of American troops on the Arabian Peninsula at the time of the Gulf War. It became clear that jihad had widened into a fight not only against Western targets and pro-Western elements in the Islamic world, but against the Western world itself. The secret American *National Intelligence Estimate*, parts of which were disclosed in September 2006, confirmed that the new intervention of 2003 had become a *cause célèbre* for jihadis as well.⁷¹ Anti-American feeling was strengthened by Iraq, meaning that more Muslims would be drawn to terrorism.⁷² In other words, the American interventions were a key motivation for extremists to intensify their fight against the West.

When Mohammed Bouazizi burned himself to death on 17 December 2010 in protest at high youth unemployment,

corruption and high food prices in Tunisia, and the Arabian revolutions broke out, Al-Qaeda and allied extremist groups were strong enough to capitalize upon the emerging chaos. The NATO intervention in Libya did the rest. The effect of the intervention was the same as that in Iraq: chaos and disruption, and the emergence of a new failed state. Once again the West had misjudged the effects of regime change. If a dictator is driven out and there is no natural successor, a country will sink into a state of chaos that can afflict the entire region. Due to the protracted chaos in Iraq, Al-Qaeda managed to re-group in the west of the country and to develop, with support from the Gulf States, into the strongest rebel group in neighbouring Syria; at least until the competing terror movement Islamic State of Iraq and al-Sham (ISIS), which had split from Al-Qaeda, undisputedly became the strongest.

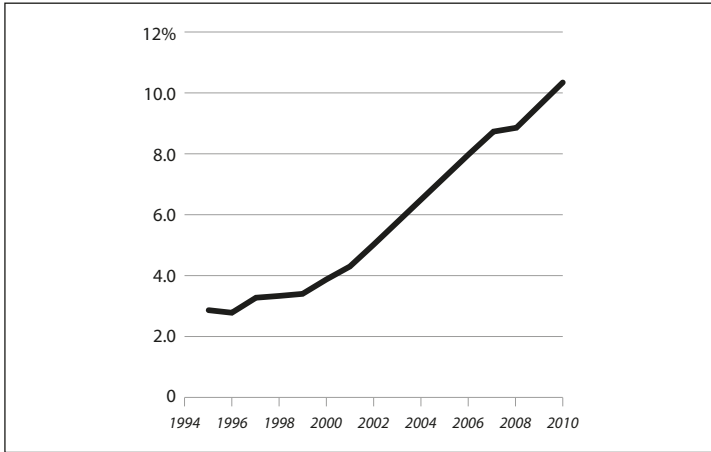
After the regime change in Libya, the Tuareg people, who remained loyal to Gaddafi, fled to Mali, where they threw the country into chaos. The result was a new intervention, the French-led Operation Serval at the beginning of 2013. Later that year, the decision was made to send a UN peace mission and an EU training mission. By now, it had become clear that Al-Qaeda was exploiting the power vacuum that had developed in the Maghreb and had established itself in the Egyptian Sinai Desert, in Libya, in the border area between Tunisia and Algeria and, of course, in Mali itself.

Academics had warned of the consequences of the interventions for the position of the United States. In a controversial article published on the eve of the intervention in Iraq, two leading American professors of international relations, John Mearsheimer and Stephen Walt, wrote that a strategic rationale for attacking Iraq was lacking.⁷³ They added that such an attack by President George W. Bush was

not essential, but a choice. As the war would be based on erroneous assumptions, it could turn out badly.

One of the most important assumptions made by the neoconservatives was that Saddam Hussein could not be deterred from developing and deploying weapons of mass destruction. The Iraqi leader was thought to be too reckless and aggressive for this. He had gone to war with Iran (1980-1988) and had invaded Kuwait (1990-1991). Mearsheimer and Walt thought, however, that if the United States had been able to deter the Soviet Union during the Cold War, then the same should be possible with Iraq. A policy of containment had the potential to succeed, because the United States and its allies were much stronger than Iraq and Saddam Hussein's sole objective was to stay in power. Mearsheimer and Walt were among the many prominent academics who signed a declaration against the war and recommended that the United States focus on the fight against Al-Qaeda, because this terrorist organization posed a greater threat than Iraq.⁷⁴ Interventions in the Muslim world would only enable Al-Qaeda to strengthen its position – which is exactly what happened.

It cannot be denied that the power of the United States has weakened. The British historian Niall Ferguson even predicted in *Foreign Affairs* that the United States would collapse under its burden of debt.⁷⁵ Despite this, we should not simply assume that the United States is actually collapsing; this is dependent on political and economic factors. It is not clear that the economy of the United States is being hit as hard as some think. Moreover, the United States is a relatively young country. In the coming forty years, the working population will increase by 17 per cent, and this will prove a massive advantage when coming out of an economic slump.



14. China's share in the global economy.

According to the American political scientist Michael Beckley, American resilience is another reason why it is not a foregone conclusion that American power will actually decline.⁷⁶ Furthermore, American hegemony has proved to be not unaffordable. As explained above, the United States does not spend more than 4 per cent of GDP on defence. Moreover, the dollar is still functioning as the world's reserve currency and there is currently no prospect of the emergence of a competing currency. The United States also promotes free trade and is attempting to institutionalize this in international trade agreements, which are seen as a precondition for economic growth. Finally, the United States still possesses the world's greatest potential in terms of instruments of power, and remains the only superpower now that the Cold War is over.

At the heart of the academic debate is the idea that at any rate, the United States has become less powerful in a relative sense; that is, in comparison with emerging countries.

This relative decline in power has led to books such as *The Post-American World* by Fareed Zakaria, about ‘the rise of the rest’.⁷⁷ In such works, the discussion about the rise of China is placed in the context of the erosion of American dominance.

China is engaged in an impressive catch-up effort vis-à-vis the United States, one that is largely the outcome of the fact that the size of the Chinese population is around three times larger than that of the United States. The Chinese income per capita of the population, however, is nine times smaller. To be sure, China may have the second largest economy in the world, but it also has a low income per capita.

In the longer term, this country can develop into a superpower, but then China’s leaders will have to find solutions to various problems. Major sources of Chinese growth are ebbing away: a cheap and sizeable workforce, the availability of fresh water and expanding export markets. The ageing population, a consequence of the one-child policy, poses one of the greatest threats to China’s economy. Around 2040, half of China’s population will be pensioners. Moreover, economic growth is being harmed by rampant pollution and entrenched corruption, and tens of millions of Chinese are starting to earn more than 15,000 dollars a year. Historically, this has been the limit above which people start to demand democracy and self-determination.⁷⁸

Finally, questions should be asked regarding the economic measures that China is taking. China employs overly strict rules for foreign investment, which means that the number of joint ventures is falling. Considerations of national security and sovereignty are also putting a brake on Chinese takeovers abroad, meaning that the country has less access to knowledge and vital sectors such as logistics.

Moreover, China's stimulus policy can backfire. Spurred on by the global financial crisis of 2008, the Chinese government introduced a large economic stimulus package worth 4,000 billion yuan (more than 500 billion euros). In addition, it was easy to borrow money. The result was rapid investment in the construction of roads, houses, whole cities, and factories for which there was hardly a need. The problem, for example, was that bureaucrats often sank money into vanity projects, while demand from Europe stagnated. As a result, China was faced with a debt problem, one that was further intensified by a real estate bubble. House prices rose sharply and mortgage debt increased. During the first six months of 2013 alone, the banks granted 176 per cent more mortgages than during the entire preceding year.

The development of Russia likewise reveals troubling aspects. One important question is whether Russia's economic position does in fact justify its power politics. The likely answer is that it does not. Although the country went bankrupt at the beginning of the 1990s and was hit hard by the financial crisis of 2008, in recent years it has experienced steady growth at a rate of around 3-4 per cent. In 2012 Russia overtook Saudi Arabia as the world's biggest oil producer. Russia's foreign currency reserves amounted to 25 per cent of GDP, making them the largest in the world after China's. This means that the government is in a position to recover temporarily from economic setbacks. In 2011 the budget surplus ran to 3.2 per cent, in 2012 it was halved, and in 2013 there was a small deficit. The latter is troubling if one looks at the larger picture. Roughly half of the Russian budget is dependent on income from oil and gas. Energy exports even constitute 70 per cent of all exports. If oil prices fall and demand tails off, this will hit the economy hard. In fact, that is precisely what has been happening since 2013. In 2014 the

country was also hit by tough sanctions as a consequence of Putin's Ukraine policy, whilst in January 2015 the price of a barrel of Brent oil fell to under 50 dollars a barrel for the first time in five years. This meant a halving of the oil price in six months. The Russian Minister of Finance, Anton Siluanov, therefore predicted a contraction in the Russian economy of 4 per cent, whereby it would be necessary to call upon the reserve fund. Only at a price of 70 dollars per barrel did he anticipate a balanced budget, whilst in previous years, a balanced budget had required an oil price of 117.80 dollars per barrel.⁷⁹

Experts had long been warning of 'Dutch Disease': the tendency to become over-reliant on energy exports, meaning that one's own currency becomes relatively expensive and is insufficiently invested in other sectors for future earning power.⁸⁰ The government did not respond to the crisis caused by falling oil prices and sanctions by fundamentally reforming the economy. Instead, subsidies were given to elderly, badly-performing and antiquated businesses and the businesses and banks that had been hit by the sanctions. The reserve funds were primarily used to prevent social unrest and to prop up the pro-Putin elite that had been hit by the sanctions.

It will not be easy to find alternatives to income from energy for the time being, because Russian industry is antiquated and lacks competitiveness. In contrast with 'Made in China', hardly any product sold in the West bears the stamp 'Made in Russia'. Moreover, the Russian population is rapidly ageing, although 2014 did see an end to many years of population shrinkage. The great danger brought by low incomes from energy exports is that it will no longer be possible to buy off social disorder among the ageing population, particularly the underclass, with subsidies on food

and energy and other allowances. Precisely for this reason, Gazprom is selling 60 per cent of its gas at a loss within Russia.⁸¹ At the same time, the government has to keep satisfying the elite, which has an interest in high incomes from the sector. Putin cannot afford too many fights such as that which occurred in the run-up to the Sochi Winter Olympics (February 2014) with the released oligarch, Mikhail Khodorkovsky. Khodorkovsky became rich in the chaotic 1990s with his oil company, Yukos. In October 2003 Khodorkovsky was arrested on charges of fraud, and later of laundering money. In 2005 he was sentenced to nine years in prison, while the state took measures against Yukos. Khodorkovsky emerged as a critic of Putin and subsequently, according to his supporters, became the victim of a politicized legal system. The discussion around his case contributed to an undermining of confidence on the part of Russian oligarchs and foreign investors. Confidence was also undermined by the uncertainties that continued to surround ownership rights. Moreover, foreign investors were also scared off by the high level of corruption. In 2013 Russia was ranked 128th of 177 countries in Transparency International's corruption index.⁸²

An additional factor is the way in which the Kremlin is dealing with the energy sector. Companies must pay an average tax rate of 70 per cent, meaning that they are unable to invest enough in modernization and the exploration of new fields, whilst the era of cheap, easy-to-extract oil appears to be coming to an end. At the same time, there are significant obstacles to Western investment. As a result, oil income could drop by a fifth by 2020.⁸³ Furthermore, there is falling demand for gas from Europe – even before considering Europe's possible reorientation towards other sources and suppliers as a consequence of the Ukraine crisis

– while Gazprom, by contrast, needs large profit margins on exported gas. The economic crisis, growing environmentalism, tougher European anti-monopoly legislation and the American shale gas revolution are also contributing to reduced profits from exports to Europe.

The conclusion is that Russia, in contrast to China, hardly has an economic basis for its power politics. Furthermore, its prospects are not good, because the country has proved powerless to restructure its economy in such a way that it becomes less dependent on energy exports. It is also struggling militarily. The old Soviet army was restructured over twenty years ago, but it was above all the war with Georgia in 2008 that revealed the shortcomings in the areas of C4ISR, precision-guided munitions and unmanned aircraft. The German researcher Margarete Klein sees only 10 per cent of the Russian armed forces as ‘modern’, a percentage that must rise to 70 per cent by 2020.⁸⁴ Despite this, Moscow does have the capabilities to defend the country and to intervene in neighbouring countries on behalf of Russian-speakers. This is largely due to the weakness of its opponents and the reluctance of the West to get involved with Russia over these kinds of conflicts.

6. The consequences of declining power

Theory might appear boring, but theoretical insights help us to understand international relations and interpret events. By applying a theory that is based on many years of research into actual cases, we can explain why certain geopolitical changes bring more stability to the world or, on the contrary, greater instability. Theory helps us to understand the Ukraine crisis of 2014 and the politics of China in the South and East China Seas.

The most important school of thought in international relations is the Realist school. According to this school, international relations are determined by power and power politics. Put simply, this school assumes that the lack of a supranational authority above states creates a situation in which 'might is right'. There is a continuous struggle between the most important actors – states – all of which have a tendency to advance their own interests and focus primarily upon their own survival. As suggested earlier, in this power game the superpowers and the great powers make the rules. Hans Morgenthau (1904-1980) was one of the founders of the Realist school. For decades, his book *Politics Among Nations: The Struggle for Power and Peace* (1948) has been a standard work for university students of international relations. Morgenthau emphasized the national interest and attributed the nature of international relations to human behaviour.

One key theme is the security dilemma. The behaviour of states produces a security dilemma in which one state's or a coalition of states' striving for more security provokes

a similar reaction on the part of another state or coalition of states, if the latter feel threatened by this. Thus by definition, an increase in one country's security comes at the cost of another country's security, which subsequently takes measures to increase its own security. The term 'security dilemma' was first used by the German thinker John H. Herz in his book *Political Realism and Political Idealism* (1951). If we view the expansion of NATO and the European Union after the Cold War through the lens of Realism and the security dilemma, we can explain why Russia annexed the Crimea in 2014: Russia felt threatened by the advance of the West.

According to the Realist argument, the security dilemma can arise because the system of international relations lacks a global, supranational authority, and every country promotes its own security. By definition, countries are uncertain of each other's intentions. This can lead to fear that another country's military build-up or military activities form a threat to one's own security. This can produce a dynamic of action and reaction, resulting in an arms race or even war. In the view of adherents of the Constructivist school, such as Emanuel Adler, this war can be avoided if the vicious circle of action-reaction is broken because countries establish security communities, such as the OSCE. According to this school, stability benefits particularly from countries agreeing to transfer part of their sovereignty to multinational organizations such as the European Union. To date, this strategy has not succeeded beyond Europe.

Offensive realists such as John Mearsheimer and defensive realists such as Robert Jervis take different views of the security dilemma. Mearsheimer argues that there will always be some degree of insecurity between states, and that there will thus always be competition and the build-up

of power. In his book *The Tragedy of Great Power Politics* (2001), Mearsheimer argues that there is a security paradox, because the build-up of all this power can ultimately lead to the ruin of the country in question.⁸⁵ The fall of the Soviet Union is linked to the fact that its leaders were ultimately unable to keep up economically in the arms race with the United States. Jervis, meanwhile, argues that countries can escape the security dilemma if they emphasize the defensive aspects of power. Having a strong defensive, as opposed to offensive, military capability can guarantee a country's security and ensure that no war need break out. In a sense, this thinking lies at the heart of the Chinese military strategy, which, as I shall explain later, is based on defensive military systems intended to deny the Americans access to the seas around China.

The modern Neorealist school of thought also focuses on the structure of international relations and argues that this determines the behaviour of states as well. This variant of Realism was first described by Kenneth Waltz (1924-2013) in his famous book, *Theory of International Politics* (1979). Neorealists argue that there are different systems, which are determined by the power relations in the world. If there is one superpower, there is a unipolar system; this was the case after the end of the Cold War, for example, when America was the hegemonic power for much of the 1990s. This unipolar system replaced the bipolar system that had existed during the Cold War. This system had been stable, owing to the balance of terror based on the threat of an all-destructive nuclear war between America and the Soviet Union. At present, a multipolar world is taking shape that is less stable than a unipolar or bipolar world. This is because coalitions can form, and insecurity about each other's intentions is an inherent aspect of coalition-forming.

This is precisely what is happening in the South China Sea and in the Indian Ocean, something to which I shall return later.

Realism and the security dilemma do not entail making moral judgements, but merely explain the process of action and reaction between major players in international relations. As everything turns on power in international relations, Realists have little regard for morality and ethics as guidelines for political and diplomatic action. They do not ask, 'Is this morally acceptable and what should therefore be done?', but ask, 'What is happening and what are the options?' For academics, the problem is that although morality and ethics explain motivations for decision-making, they give little insight into the actual dynamics and possible outcomes of a situation. On the basis of the development of Realist theories, however, academics can offer reasonable insights into the dynamics of international crises. However, Western politicians, primarily European ones, have allowed their decision-making to be led largely by values, ethics and wishful thinking. This has produced faulty insights and conclusions regarding the actions of other countries, causing them to make the wrong decisions. As John Mearsheimer wrote in the September 2014 issue of *Foreign Affairs*, Western elites are mistaken in their belief that the logic of the Realistic School holds little relevance in the 21st century.

For many years, representatives of the Realist School have been wondering why there have been no attempts to create a balance of power against the United States. According to the theory, for example, the European Union and Russia should resist American preponderance. Did this not happen because the United States was simply too powerful? Or because America was not attempting to expand its territory?

Researchers such as Kenneth Waltz and Christopher Layne argued that it was only a matter of time.⁸⁶ Russia's attempts to recover elements of the old Soviet Union and China's new assertiveness would appear to support this proposition. Moreover, the theory of the balance of power holds that great powers will not accept the arrival of a new hegemon on the world stage. The *Defense Planning Guidance* was one example of this, but it would be strange if Russia and China were not to follow similar reasoning. After all, sooner or later, unbridled Western power had to provoke a response from countries that felt constrained by it. Hegemons, one should add, are always single states and never coalitions. Coalitions can emerge, though, if a new hegemon presents itself and causes a number of states to feel threatened. NATO, the European Coal and Steel Community (ECSC) and the Western European Union (WEU) were all founded for this reason.

In 2011 Jack Levy and William Thompson wrote in an article in the academic journal *International Security* that continental powers and naval powers attempt to create balances of power in different ways.

Continental powers, such as Russia, emphasize the development of landed armed forces and attempt to expand their territory. These powers see security almost exclusively in territorial terms. Russia is the prototype of a continental power that has deployed its army against a succession of historical aggressors, such as Napoleonic France, Hitler's Germany and, more recently, against disaffected republics.

Naval powers, such as the Netherlands in the Golden Age and later the United Kingdom and the United States, will also want to protect global trade interests and international maritime routes, and want to safeguard their access to supplies of raw materials. Historically, these countries have put

greater emphasis on their navies. For continental powers, territorial hegemony is what matters; for naval powers, it is about economic hegemony.⁸⁷

Until the first decade of the 21st century, the debate about world order was largely about the sustainability of the unipolar world. It was clear that the bipolar world was a thing of the past. During the Cold War there had been two superpowers, the United States and the Soviet Union, each with their own sphere of influence. The two superpower's allies were united in NATO and the Warsaw Pact. The system in itself was stable: both sides possessed nuclear weapons and as each could destroy the other, neither was prepared to risk war. This system was known as Mutually Assured Destruction, tellingly abbreviated as 'MAD'. Wars were fought, but they took place within the superpowers' spheres of influence or in places where the borders of the spheres of influence were still undefined. The war in Vietnam is one such example.

In 1990 Charles Krauthammer published a notorious article in *Foreign Affairs* entitled 'The Unipolar Moment'. He argued that now that the bipolar world order had been consigned to history, the United States found itself in a historically unprecedented position of power and that the world had become unipolar. In this world, the United States could act unilaterally as a superpower if necessary. His claims were supported by academic heavyweights such as Christopher Layne, John Mearsheimer and Kenneth Waltz.⁸⁸

The unipolar moment lasted until after 11 September 2001 at any rate, and reached its apex under President George W. Bush. In line with unipolar thinking, the President took far-reaching measures that undermined multilateralism and institutionalism: the Anti-Ballistic Missile (ABM) treaty, which put limits on the American and Russian missile

defence systems, had to be amended; the Kyoto climate agreements were rejected; the ban on landmines was likewise rejected; and the United States had to withdraw from the statutes of the ICC and the Biological Weapons Convention. However, in Krauthammer's view, the way in which the United States responded to the terrorist attacks led to the 'first crisis of unilateralism'. Neorealists such as Kenneth Waltz also predicted that emerging powers would attempt to challenge American dominion in order to create a new balance of power.

The academic discussion continued, however. In 1999, the professor of international relations William C. Wohlforth suggested that unipolarity was actually sustainable. America's power was so great that the system would remain unipolar for the foreseeable future.⁸⁹ A unipolar system, he reasoned, is the most stable system, and provides an opportunity to shape the world in accordance (in this case) with American ideas. No single potential rival would risk entering into a conflict with the only real superpower in the world, the United States. The exception was Al-Qaeda, with the attacks on the World Trade Center in New York and the Pentagon in Washington in 2001.

Wohlforth also argued that such a superpower is able to prevent conflicts between other states. For these reasons, according to Wohlforth, it is important that the United States manages to maintain its position of power in the world. The American political scientist Nuno P. Monteiro has countered this last claim. According to him, the United States has been involved in a relatively large number of conflicts as a hegemonic power: Kuwait (1991), Kosovo (1999), Afghanistan (from 2001), Iraq (from 2003) and, albeit indirectly, Libya (2011). He also observes that in multipolar world orders, great powers have historically spent 18 per cent of

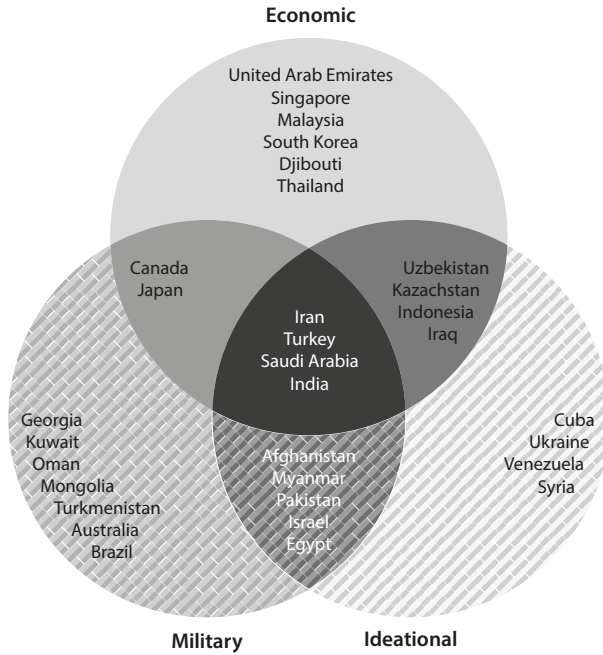
their time as great powers waging war. In the bipolar world order, the two superpowers spent 16 per cent of their time as superpowers waging war, whilst in the era of unipolarity after the Cold War, the United States was involved in wars for 56 per cent of the time.⁹⁰ How could this be the case? The answer is simple: the extent to which a superpower becomes involved in war is up to the superpower itself. Monteiro argues that an important explanation for America's 'thirst for war' is that this superpower capitalized upon unipolarity in order to shape the world order in accordance with its own preferences. This is known as an offensive strategy of domination. The manner in which President George W. Bush designed his foreign and defence security after 9/11 is consistent with this. An alternative would be a strategy of defensive domination, which would focus on maintenance of the status quo in terms of the global division of power, territorial integrity and alliances. In principle a superpower does not want to wage war, but it can be provoked into doing so if another country undermines the status quo. It is precisely this emphasis on maintenance of the status quo that can inspire a despot elsewhere in the world to test the borders of what is acceptable. On 2 August 1990, the Iraqi leader Saddam Hussein invaded Kuwait in the belief that the United States would accept this infringement of the status quo. This proved a fatal misconception, because the American President George H.W. Bush, supported by a large part of the international community, responded with a military intervention and liberated Kuwait within six weeks.

In a multipolar system, a number of great powers have almost equal influence in terms of military, economic and cultural power. A variation on this theme is the concept of nonpolarity, introduced by the American diplomat Richard

Haass. This exists when there are multiple centres of power, but none of them can dominate the others.⁹¹

Adherents of the modern Realist school argue that a multipolar system is less stable than a unipolar or bipolar one. The increasing level of assertiveness of China and Russia around 2008, as described in Chapter 2, seems to confirm this proposition. In a multipolar system, individual countries have greater freedom to act and to choose their allies. As a result there is an increased risk of misperceptions, because the intentions of a number of players have to be assessed. Smaller states can also potentially play a greater role in a multipolar system, certainly when this concerns states that possess 'strategic goods' such as raw materials, or that are strategically located on trade routes or between spheres of influence. If such states change alliances or shift loyalties, this produces friction and a significant likelihood of conflict. Ukraine and Egypt are examples of 'pivot states' such as these.⁹² It is certain that during the transition from a unipolar to a multipolar system, when the new constellation of power has yet to crystallize, the chance of accidents is at its greatest.

The policy of President Obama appears to be in line with the strategy of defensive dominance. His vision of foreign policy is known as the 'Obama Doctrine'. This term was used by Lynn Sweet of the *Chicago Sun-Times* even before Obama had become President. It was coined in response to a speech at the Woodrow Wilson Center on 15 July 2008. In this speech, Obama stated that he had five objectives for making the United States more secure: ending the war in Iraq, ending the fight against Al-Qaeda and the Taliban, ensuring that nuclear weapons and nuclear material remained out of the hands of rogue states and terrorists, energy security, and strengthening alliances.⁹³ In his 2010



15. The pivot states.

National Security Strategy he emphasized, to a greater degree than his predecessor, the connection with the rest of the world through the strengthening of multilateral agreements and international institutions, and he built on the key principles that he had previously formulated. As the United States was in the midst of an economic crisis, his most important new priority was the recovery of economic power. It is interesting that the word ‘multipolarity’ did not appear once in the whole text.⁹⁴

In a speech to the American military academy at West Point in May 2014, Obama again set out the contours of his foreign policy.⁹⁵ In the speech, he argued that isolationism is not an option in a rapidly changing world, only to follow this

by sketching out what was in fact a neo-isolationist agenda. The heart of his argument was that the United States would only intervene unilaterally if its 'core interests' so required. In all other cases, the United States would carry out interventions in cooperation with others. In these interventions, priority would be given to non-military means. In principle countries should solve their own problems, and Europe would have to avert crises in its own region. This would be achieved through pledges for a 'counter-terrorism fund' of 5 billion dollars and a 'reassurance fund' of 1 billion dollars for European countries that felt threatened by Russia.⁹⁶ With this, it became clear that Obama was approaching the limits of his own foreign policy.

The decision to pull American troops out of Iraq resulted in a power vacuum that was quickly filled by extremist Islamic groups. As a consequence, the entire Gulf region became more insecure. In 2014 the President partly reneged on his decision when the terrorist organization ISIS captured parts of Syria and Iraq and declared a 'Caliphate' or Islamic State (IS), which potentially posed a direct threat to the entire region. Money and trainers would have to turn the tide in Iraq. In August 2014 Obama was even forced to carry out bombing raids against IS positions when a humanitarian emergency threatened in Northern Iraq. In September the President came up with a strategy for tackling IS, arguing that America needed three years to destroy the terrorist organization. He formed a coalition of more than 60 countries for this purpose. With this, Obama came up against the limits of his own policy. Sometimes waging war is not a choice for a superpower, but an inevitability. In February 2015 he went a step further by writing to Congress to ask permission for the limited deployment of ground troops. In particular, the President asked permission for

the deployment of Special Operations Forces (SOF) for the purposes of intelligence-gathering and the identification of targets in enemy territory, search and rescue operations to rescue stranded pilots, and limited military operations against IS leaders.

In conclusion, it can be argued that theory plays an important role in enabling us to understand international relations and formulate realistic policies. Politicians often let themselves be guided by moral and ethical considerations, but these play a subordinate role in international relations as a whole. It is thereby often forgotten that only a superpower or great power can carry out an ethical or moral foreign policy. If a great power's dominance declines, then its 'shaping power' is eroded and it becomes difficult to define rule-based international relations. In other words, a moral and ethical policy should always be buttressed by economic and military power. What happens when politicians neglect their instruments of power is revealed by the case of the European Union.

7. The declining power of Europe

No part of the world has experienced as much state formation as Europe. Before the First World War Europe had nineteen monarchies and three republics; after the war there were fourteen monarchies and sixteen republics. This process of state formation continues up to the present day. After 1989 the Soviet Union, Yugoslavia and Czechoslovakia disintegrated one after the other, but the partition of Germany was brought to an end.

In *The Shield of Achilles* (2003) the American author Philip Bobbitt described the period between the beginning of the First World War and the fall of the Berlin Wall in 1989 as the 'Long War'. In his view, this was a period characterized by the struggle between communism, fascism and parliamentarianism. Bobbitt argues that Bismarck 'united' Germany with a doctrine of militarism and ethnic nationalism, which ultimately led to fascism posing a threat to parliamentary democracy.⁹⁷ This occurred after the Weimar Republic failed to pull the country out of the economic morass. Fascism also took root in Italy. After the First World War, when the fascists had taken control in Germany and the communists in Russia, each started to 'roll out' their systems to other countries. Fascism was a spent movement after the end of the Second World War, and the end of the Cold War heralded the end of communism as a system. This meant not only the triumph of parliamentary democracy in Europe, but also the map of Europe's being redrawn.

In the meantime numerous institutions had been founded in Europe that, with the exception of the breakup of Yugoslavia, contributed to the peaceful character of the revolutions of 1989. NATO, the European Union and

the OSCE all contributed to this. With the OSCE's Charter of Paris for a New Europe (1990), a new European order emerged that was characterized by a united Europe that wanted to strengthen its security and prosperity through cooperation with its former adversaries. In a certain sense, the charter resembled the Congress of Vienna (1815) and the Versailles Conference (1919), which were also attempts to re-define the European order.

Academics such as Andrew Moravcsik have argued that above all, the establishment of the common market and the euro is the most ambitious and most successful example of peaceful international cooperation in the history of the world.⁹⁸

In the first decade of the 21st century, however, a number of failings came to light. The most important of these was that the introduction of a common currency should have been the final piece in the process of political integration, not the beginning. This had been the case for the unification of Italy and Germany in the 19th century. Precisely for this reason, the European debt crisis that broke out in 2009 was accompanied by a political crisis. In that year, the first apocalyptic opinions were voiced about the future of the Union. At that time, no one was talking any more about the European Union as a counterweight to the United States.⁹⁹ The financial crisis began to threaten the unity of the European Union, it boosted separatist movements in Flanders, Scotland, Northern Italy and Catalonia, and it accelerated the rise of populist and nationalist parties, leading to political instability in the Netherlands, Belgium, the United Kingdom, Finland, Denmark and Norway.

Financial crises tend to last a long time. According to Kenneth Rogoff and Carmen Reinhart, such crises last 6 years on average, countries lose an average of 9 per cent of their

GDP, and it takes an average of 23 years before the damage is redressed. Moreover, the burden of debt is hard to bear if it amounts to more than 90 per cent of GDP.¹⁰⁰ The Southern members of the eurozone were hit harder by the crisis than the Northern ones. Unemployment and public debt were higher in the South and the Northern countries had to prop up the Southern countries financially. Due to the division that consequently emerged in the eurozone, fundamentally different visions came to light regarding how to tackle the crisis. Northern EU member states clung on to cuts and economic reforms, while Southern member states wanted to run up larger budget deficits in order to stimulate the economy. The electoral revolt in Greece that brought the radical left-wing Syriza party to power at the beginning of 2015 is one example of this. Tired of cuts and poverty, the voters hoped to bring an end to the policies of cuts on which the North was insisting.

This division means that the European Union is less able to develop effectively as a powerful geopolitical player, all the more so because defence budgets have fallen steadily in the North and the South since the end of the Cold War. The drop in defence spending has also had an impact on the transatlantic relationship, because having limited military capability makes it increasingly difficult to solve crises jointly with the Americans. A divided Europe also has less influence on regional security and stability, however, not least because the United States is intensifying its focus on Asia. Finally, the decline in European power is eroding the international legal order, or at any rate, the legal order that is supported in Europe: a legal order with democracy, human rights, strong institutions and compliance with international law at its heart.

At first glance, it seems a miracle that the process of European integration ever got off the ground and that

it continued steadily over the last half-century. Or has European integration actually been the result of all the turbulence, and is this turbulence keeping the integration process going? It is likely that the latter is the case.

At the beginning of the 1990s the scenario of a strong Europe was a plausible one. The process of European integration was going well and was essentially a process driven by power politics. In addition to the ECSC, the European Economic Community (EEC) was created with the signing of the Treaty of Rome in 1957. This period saw the emergence of the European integration process as a 'no more war' project. Germany must not be allowed to build up its war industry again. As a result, the coal and steel industries were made subject to supranational authority; this was a power-political choice. But the start of the integration process cannot be viewed separately from the threat emanating from the Soviet Union. No single European country east of the Elbe was able to form a counterweight to the Soviet Union. This led to the founding of NATO, but Europe's leaders reasoned that America might withdraw its troops from Europe in the longer term, that countries' military power rested on their economic power, and that Europe could only take a stand against a powerful Russia in future if European countries were to cooperate economically and even integrate their economies.

As European integration was also driven by power-political choices, between 1950 and 1960 Moscow opposed every initiative intended to deepen European integration. The initiatives by the six countries that launched the integration process – Benelux, France, Germany and Italy – were thus condemned in Moscow.¹⁰¹ France, in particular, never made a secret of the fact that it saw the European integration project as a means of creating a power bloc independent

of the United States. The key architect of the integration process, Jean Monnet, thought that the ECSC had to form the foundation of a federal Europe, so that Europe would be able to grow sufficiently powerful, independently of the United States, and provide for its own security.¹⁰² This vision was shared by later leaders in France, but also in Germany. The German Chancellor Konrad Adenauer also believed that integration was the only possible response to the increasing strength of the Soviet Union, and precisely for this reason, Germany supported the idea of a European Defence Community. The French national assembly rejected the treaty in August 1954, however; the integration of defence implied the creation of a supranational authority, which would undermine French sovereignty. This brought an end to the striving for military integration. A European defence organization – the WEU – was set up, but ultimately, NATO assumed all responsibility for defence and America became strongly anchored in Europe.

The first successful attempt at political cooperation was the European Political Cooperation (EPC), established in 1970. The EPC was concerned with foreign policy; security and defence were still considered a step too far. A few years later, in 1975, the Belgian politician Leo Tindemans wrote a report on the integration process and observed that the overriding reason for integration was coordinated action in the area of foreign policy. He argued that the peoples of the European member states were demanding that their leaders let Europe's voice be heard in the world. Tindemans' report was a clear attempt at European power politics: if European countries really wanted to achieve their aims, they would have to speak with one voice.¹⁰³ This sometimes worked; for example, the EPC coordinated policy on the Middle East, and a political committee and the COREU network were

established to exchange messages between the member states' diplomats. Little was done for the time being, however, largely because the French President Valéry Giscard d'Estaing was not sufficiently interested in the project. Two events in 1979 led to the revival of the EPC, though: namely, the Iranian Revolution and the Soviet invasion of Afghanistan. Common positions were also developed on martial law in Poland, Argentina's occupation of the Falkland Islands and the Israeli invasion of Lebanon.

In 1967 the so-called Merger Treaty brought together the ECSC, the EEC and the European Atomic Energy Community (Euratom),¹⁰⁴ after which the member states continued their cooperation as the European Communities (EC). This led to the founding of present-day institutions such as the Commission, the Council and the Parliament. But it was the European Revolution of 1989 that forced real cooperation. Owing to the disappearance of the Soviet threat from the East, Europe suddenly ceased to be an American strategic priority. This forced a deepening of European cooperation. In 1992 the European Union became a fact with the signing of the Treaty of Maastricht. The collapse of communism in Eastern Europe and the prospect of a united Germany contributed to the decision to strengthen the Community's international position. The treaty thus laid the foundations for closer cooperation in the area of foreign and security policy, in the form of the Common Foreign and Security Policy (CFSP).

Despite this, the Treaty of Maastricht also confirmed what theorists had predicted about the European integration process: ever-closer economic cooperation would require forms of political integration and the removal of borders and other barriers between the member states. The Schengen Agreement (1985) had provided for an European

internal market based on the free movement of goods, people and services, and in practice brought an end to borders between the parties to the agreement. Monetary union was established in 1999, and led to the introduction of a common currency, the euro, in 2002. Initially the CFSP proved a struggle, because a common policy would undermine national sovereignty. This provoked great opposition, particularly in France and the United Kingdom. Despite this, awareness prevailed that protecting common economic interests required closer cooperation on security and defence issues. This latter point had been recognized as early as 1990, moreover, when the French President Mitterand and the German Chancellor Kohl decided to end cooperation and adopt a common policy. Since the first mission in Macedonia in 1999, numerous successful civilian and military missions have been carried out. In 2014 the European Union's High Representative for Foreign Affairs and Security Policy, Catherine Ashton, played a key role during the Ukraine crisis, notwithstanding the European leadership of the German Chancellor Merkel. It was Ashton, not the individual European member states, who negotiated an agreement in Geneva with America, Russia and Ukraine. In the meantime the European Union has established permanent diplomatic offices across the world and representatives at the UN, the World Trade Organization, the G8 (the group of the world's most important economies) and the G20. Although this diplomatic apparatus does not function optimally, the steps that have been taken are undoubtedly significant.

It would thus seem that European integration is continuing steadily, be it somewhat less explicitly than in the past. For one thing, from 2008 politicians did just enough to save the euro and to hold the European Union together.

For another, the integration process seems to have a certain degree of autonomy.

Other views prevail in the academic world, however. The American political scientist Sebastian Rosato argued that while the end of the Soviet Union led to a discussion about the rationale for NATO's existence, it also partly undermined the need for the European integration process. He predicted that as a result of the great geopolitical shifts in the European balance of power due to the disappearance of the Russian threat, European countries would no longer be prepared to strive for political union, a defence community, or even for more economic integration.¹⁰⁵ Rosato viewed the French and Dutch rejections of the European Constitution in 2005 in this context.¹⁰⁶ The French and Dutch positions indicated that anti-EU feeling could not be attributed exclusively to the financial crisis. One explanation for such feeling is the changing generations: later generations do not make a link between security, stability and integration, because they did not live through the Second World War and the Cold War.

Whilst the Constitution, which was later accepted in modified form as the Treaty of Lisbon (2009), did change the institutional structure of the European Union, it was no radical step on the way to political, military or economic integration. The fact that neither NATO nor the European Union disappeared despite the evaporation of their geopolitical rationales can be explained by the fact that institutionalized forms of cooperation tend to adapt to new eras, develop new rationales for their existence, and thereby continue to serve a goal. NATO's new rationale became conducting humanitarian operations and fighting international terrorism. The European Union continued to develop a monetary union, because in the second half of the 1990s it was still sailing with the economic tide.

Things went wrong in the first decade of the new century. The financial crisis of 2008 left Europe less powerful. Since the 2008 crisis European countries have experienced very little growth. The best-performing country, Germany, experienced only very limited growth in this period, of a little over 3 per cent in total. Italy, one should add, has experienced no real economic growth for the past fifteen years. The result was defence cuts throughout Europe and governments increasingly focused on domestic problems in order to avoid political and social unrest.

This crisis simultaneously caused the emergence of clear fissures in the European structure and new steps towards integration. France and Germany were the first countries to break the rules that had been meant to guarantee the stability of the monetary union. They ignored the agreement that national debt should not amount to more than 3 per cent of GDP. After the financial crisis erupted, there was an increase in economic nationalism. Both Germany and France protected their own industries at the expense of other countries.

Although the Union was teetering on the brink, in the end a new stimulus was given to the integration process, contrary to what Rosato suggested. For example, new legislation was adopted to prevent countries from allowing their debts to mount up. Among other things, the Sixpack legislation (2011) and the Fiscal Compact (2012) provided for stricter supervision by Brussels and the sanctioning of member states that broke the fiscal rules. A Banking Union (2012) was also established, meaning that the largest European banks came under European supervision at the end of 2014.

From an institutional perspective, European integration is a process that occurs in fits and starts. Strikingly, when

one considers the facts of the European integration process, the rejection of the European Constitution by the French and the Dutch had only the effect of delaying ongoing developments, and neither did the subsequent increase in levels of euroscepticism stall the integration process. Advances in the integration process are actually determined by external geopolitical events. The end of the Second World War, the sense that Europe must never again allow itself to be torn apart by war, and the need to bring Germany into European institutional structures produced the ECSC and the EEC. The end of the Cold War resulted in major steps being taken in the area of foreign and security policy. The debt crisis prompted more far-reaching economic integration and also, due to the enforced fiscal discipline, more *de facto* political integration.

If we consider the dynamics of the European integration process, then the rise of Asia and declining Western power will force new steps towards integration. According to current theory, the pressures of geopolitical change will shape integration in the area of security and politics, and the calls for military integration and the founding of a European army will become stronger. The first signs of this came during the Ukraine crisis of 2014, when the members of the European Union and NATO concluded that they lacked the economic robustness to impose far-reaching economic sanctions on Russia and that, due to unbridled defence cuts, they no longer had credible armed forces. During the NATO summit in Wales at the beginning of September 2014, the question was how weak Western defences could be strengthened. One solution, for example, was to reconfirm the principle that countries should spend 2 per cent of GDP on defence, along with an initiative for a Very High

Readiness Joint Task Force that would be able to strengthen the defence of NATO's external borders in a few days.

For practitioners of the discipline of international relations, this process of European integration presents an interesting case. The Realist school explains integration by pointing to the need for states to cooperate in order to tackle challenges that individual states are too weak to tackle alone, such as climate change, access to raw materials or defending oneself against a major adversary, such as during the Cold War. The Liberal school of thought, meanwhile, explains integration with reference to the role played by the institutions in which countries cooperate. According to this view, stability benefits from multilateralism and effective international institutions such as the UN. At one time, these Liberal ideas were echoed in the United States by democrats such as Carl Levin and Edward Kennedy. They believed that the Security Council should ultimately sanction American intervention in Iraq (2003). In September 2014 John Mearsheimer observed in *Foreign Affairs* that the Liberal world-view had become common property in Washington and that arguments rooted in power had been replaced by arguments based on values. The Obama Administration is thus thinking in an increasingly 'European' way. A more important explanation for European thinking is that Europe has an interest in effective multilateralism *per se*, because the individual member states are not powerful enough to enforce rules-based international relations on their own. Cooperation is their only option for protecting and advancing European interests at the global level.

Liberal intergovernmentalist ideas are closely related to this way of thinking. The original theorists of European integration argued that the roles of national governments would slowly shift from the national to the supranational

level, because national solutions are no longer adequate in an increasingly complex global context. In *The Progress of International Government* (1933), David Mitrany argued that integration has its own dynamic, determined by international developments. This dynamic leads to voluntary integration, for example on economic issues. International organizations will then focus on fulfilling the collective needs of citizens. Moreover, the national economy is unable to provide the economies of scale that supranational cooperation can provide.¹⁰⁷ Later thinkers, such as Andrew Moravcsik, saw European integration as a series of rational decisions made by national leaders who were prepared to subordinate their national economic interests to a higher common interest, and to accept that small and large states have a say in the common policy of the European Union.¹⁰⁸

These kinds of insights are linked to the Functionalist school of thought. Unlike the Realists, these theorists do not assume that states are the central actors that act out of self-interest and pursue power politics in order to survive. Functionalists see countries as social organizations that are linked by common interests and the wish to protect and advance these interests collectively. The basic assumption of Functionalist theory is that integration is something that happens voluntarily, that the expertise for this is there and that countries do not thwart the process.

Neofunctionalists built on the work of Mitrany, as described above. They focused more on regional integration, such as the European integration process, and introduced the explanatory term 'spill over'. Functional spill over is economic in nature; one policy area influences another policy area. As argued above, this can clearly be seen within the European Union: economic cooperation led to European Monetary Union and the euro, which again led to a new,

centralized system of national budget management. In Europe this has also led to political spill over – political cooperation that produces new intergovernmental and even supranational institutions. Among the Neofunctionalists, it was the integration theory of Ernst B. Haas in particular, as set out in his *The Uniting of Europe* (1958), which caused a furore. Haas tried to develop a general theory of regional integration based on the European integration process. These kinds of theories were based on the idea that economic integration would automatically lead to integration in other areas, such as politics and foreign policy. An increasing number of cross-border transactions would create a need to found institutions to steer the process in the right direction. There was also the idea that sovereignty would be transferred to international organizations, whereby the member states would become powerful. This is not to say, though, that the power-focused thinkers of the Realist school reject the notion of integration altogether. According to Neorealists, the current deepening of the European integration process can be seen as a necessary process of ‘coalition-forming’ in response to the rise of Asia.

The differences between the Liberal and Neorealist schools lie partly in a difference of focus. Liberal thinkers often focus on the low politics of social and economic issues, whereas Neorealists mainly focus on the high politics of power relations and power politics. Up to a certain point, the two schools thus complement one other. Furthermore, the process of integration produced a political and strategic culture that had paradoxical consequences. On the one hand, Europe developed into a soft power with a powerful gravitational pull on countries in Central and Eastern Europe, which was very successful at incorporating these countries and in creating stability and prosperity. On the

other hand, Europe proved less and less able to deal with threats to these achievements and to find an answer to the growing geopolitical challenges both in Europe and beyond.

How can we explain this? Due to the process of integration and the security and stability that were woven into this process, a postmodern Europe emerged that did indeed possess soft power, but that neglected its hard power in such a way that it was less and less able to protect its security and prosperity. The key concepts here are those of political and strategic culture. 'Political culture' is defined as the totality of attitudes, assumptions and feelings that give direction and meaning to the political process and that determine the rules of the political system. Political culture is the sum of the psychological and subjective dimensions of politics. One derivative of this political culture is the strategic culture that relates to high politics, including the use of the armed forces. Because the European Union brought stability, prosperity and peace to the war-torn continent, the political and strategic culture changed. This is most visible in Germany, a country that started two wars in the 20th century and now has the greatest difficulty with power politics and the use of the military. This is understandable, because the European Union grew out of the idea of pacification: it is internally oriented towards the creation of a stable and peaceful Europe, in which people share in growing prosperity, and societies are built on principles such as democracy and constitutionality. As a result, according to the British diplomat Robert Cooper, in the second half of the 20th century the European Union became a postmodern civil power with a number of specific characteristics.¹⁰⁹

These characteristics include a great faith in multilateralism and integration, and a willingness to surrender key aspects of national sovereignty. The member states voluntarily

consented to Brussels' intervention in their domestic affairs. As a result, however, the distinction between foreign and domestic policy has become blurred. Security within the Union is based on mutual trust and openness, reciprocal dependence and vulnerability, transparency and voluntary cooperation, or cooperative security. Within this postmodern system, conflicts are solved through self-imposed rules of behaviour and institutionalized cooperation.

This development has had a major influence on the foreign policies of member states. For many Europeans, it is no longer a question of using economic and military coercion to force other countries to change their course, but of persuading them. Europe has a strong tendency to get its way by using incentives such as development aid, trade benefits or membership of one of the European institutions. The latter, in particular, has proved to be a very important incentive for good behaviour. The desire to join NATO and the European Union led to the problem of Russian minorities in the Baltic States being solved. Hungary and Romania resolved their conflict over the Hungarian minority in Romania. Finally, the desire to join on the part of some countries from the former Yugoslavia accelerated the peace process following the Balkan Wars of the 1990s, with Croatia and Slovenia being the best examples.

One great success of this integration process has been that the use of military power to solve internal disputes has become obsolete. This is unique in the world, but it has the disadvantage that a strategic culture has developed in which military power, unlike the commitment to normative issues such as human rights, has become obsolete. In a postmodern 'civil power' society, defence is not a popular topic. A 2014 Win/Gallup poll found that few Europeans are willing to fight for their nation: 'Globally, 60 per cent

said that they would be willing to take up arms for their country, while 27 percent would not be willing. Western Europe proved the region most reticent to fighting for their country, with just 25 per cent saying that they would fight while about half (53 per cent) stated that they would not fight for their flag.' Only 18 per cent of the Germans, 27 per cent of the Brits and 29 per cent of the French said that they would defend their country.¹¹⁰

The founders of the concept of civil power, such as the Frenchman François Duchêne, argued as early as the 1970s that 'the idea' would become a dominant factor in international relations, and that the significance of military power would diminish as a result. History has proved him wrong.

One dilemma, however, is that while theories of European integration have great explanatory value for the European integration process, the world beyond the European Union continues to behave in accordance with Realist principles. Within Europe, the classical power struggle is a thing of the past; but beyond Europe, this is not the case anywhere. European integration has thus changed our political and strategic culture, and this explains why theorists refer to Europe as 'postmodern'. The problem is that this postmodern Europe has to act in a world that is driven by classical principles of power, and it is actually no longer able to pursue power politics. As argued above, this process intensified as a result of the financial crisis.

We should qualify this last observation, however. The Ukraine crisis was largely seen by politicians and commentators as an act of aggression by the Russian President Putin. A superficial consideration of the facts that led to the annexation of the Crimea would seem to confirm this assessment. However, if one views Putin's actions in the wider context of power politics, then a very different

picture emerges. The crisis in Ukraine clearly reveals that after the fall of the Warsaw Pact and the Soviet Union, Europe certainly pursued a power political strategy at the expense of a weakened Russia, but that due to the decline in European power in the second half of the 2000s, it was unable to continue on this course. Putin capitalized on Russia's growing self-awareness and mercilessly exposed the weakness of European soft power, which no longer rested on hard power, or economic power and a certain degree of political unity.

8. Europe's *soft power*

Europe's attractiveness as a soft power to Central and Eastern European countries was seen by Russia as power politics, aimed at preventing the emergence of a new Russian sphere of influence. The attractiveness and the actual outcomes of European soft power were undeniable. Central and Eastern European countries enjoyed a massive growth spurt after they joined the European institutions. The Baltic States, once part of the Soviet Union, changed unrecognisably as a result of increasing prosperity. The countries that remained outside the European institutions, such as Ukraine and Belarus, lagged far behind. The World Bank found that the Ukrainian economy remained the same in the period between 1990 and 2012, whilst the Polish economy quadrupled.

Europe's attractiveness poses a direct threat to Russia and is as dangerous as NATO's hard power. Europe's soft power is preventing Moscow from creating its own sphere of influence within the borders of the former Soviet Union. Optimism initially prevailed in the West regarding relations with Russia. As early as the time of the German reunification, however, the foundations were being laid for the problems that eventually led to the Ukraine crisis of 2014. This is shown in accounts such as that by the American professor of international relations, Mary Elise Sarotte, in *International Security*.¹¹¹

To start with, the fall of the Soviet Union was a humiliating experience for the country's leaders and large swathes of the population. For many decades, both leaders and people had taken for granted the true and invincible nature of the Marxist course, which had transformed rural, Tsarist

Russia into a superpower with deterrent capability in the form of a nuclear weapons arsenal and an economy built on heavy industry that brought prosperity to all. At least, that was the story.

Towards the end of the 1980s, it became clear how decayed the economy was and how little support the Soviet leaders could count upon. In 1986 the last General Secretary of the Communist Party, Mikhail Gorbachev, began to experiment with openness (*glasnost*) and reform (*perestroika*). This revealed great discontent amongst the population, intensified by an economic crisis. Falling welfare levels threatened as a result, and the communist leadership lost its legitimacy in the eyes of many of the people.

The year 1990 saw the end of the Warsaw Pact, the military alliance that had been led by the Soviet Union. In 1991 the Soviet Union itself collapsed. It splintered into a rump state, Russia, and a number of new republics, including Estonia, Latvia, Lithuania, Belarus, Ukraine and Georgia. The autonomous Russian Republic of Chechnya took up arms in a bid to for independence, but was repressed brutally by Russia in two wars. The 1990s were chaotic years for the new Russia. Under the Yeltsin government there was a coup and experiments with democracy, but the economy sank further into decline and hyperinflation even threatened. Entrepreneurs nevertheless saw an opportunity and went into business, building up empires – mainly in the energy sector – and amassing billions of dollars. Meanwhile, large parts of the population were much worse off than they had been under the Soviet Union. In such a situation, it is not surprising that the leader who was able to bring prosperity and stability and give Russia back its sense of self-respect would be able to count on the broad support of the people. Moreover, President Putin described the fall

of the Soviet Union as 'the greatest geopolitical tragedy of the 20th century'.

This tragedy only became greater, in his view, when the West exploited the weakness of the new Russia in order to push through German reunification and the rapid expansion of NATO and the European Union, and to intervene on its own terms in the Gulf Region, the former Yugoslavia and later in Afghanistan, Iraq and Libya.

Russia had tried in vain to keep the reunified Germany outside NATO as a neutral state. However, the Americans did not share Russia's fear that a unified Germany would pose a threat. Rather, President George H.W. Bush made NATO membership a precondition for reunification. In the end, the Soviet President Gorbachev agreed to reunification, on condition that neither NATO troops nor nuclear weapons would be stationed on the territory of the former GDR. In exchange, Chancellor Kohl committed to reduce troop numbers, promised not to develop weapons of mass destruction, and accepted the Oder-Neisse as the eastern border of Germany. Finally, in September 1990 the Treaty regarding the Final Settlement with Respect to Germany was signed by both Germanys, and the following year, in March 1991, the two Germanys and the four victors of the Second World War – France, the United Kingdom, the United States and Russia – signed the Four-plus-Two Treaty. The Russians opposed German membership of NATO until the very last moment, but they lost the argument. The West gave out mixed signals about future NATO membership for former Warsaw Pact countries, but it ultimately pushed through with these countries' membership. During a visit to Moscow in February 1990, the American Secretary of State James Baker was still reassuring Gorbachev that NATO would not expand 'one inch eastward' if Gorbachev

allowed a unified Germany to join NATO.¹¹² Similar commitments were also made by Foreign Minister Genscher and Chancellor Kohl. It is thought that these played a role in moving Gorbachev to agree to German reunification on 10 February 1990. Interestingly, in what appeared an attempt to remain one step ahead, Gorbachev speculated that Russia itself might want to become a member of NATO one day.¹¹³ The Americans, however, could see no reason to include Russia in European institutions. President Bush responded harshly to the suggestion that this might be an option: 'To hell with that. We prevailed, they didn't. We can't let the Soviets clutch victory from the jaws of defeat.'¹¹⁴

The foundations for NATO expansion were laid in July 1990, when at the London summit NATO extended the 'hand of friendship' to former opponents and decided to cooperate with the countries of the disbanded Warsaw Pact. This led to concrete initiatives such as the North Atlantic Cooperation Council (1991), followed by the Euro-Atlantic Partnership Council (1997), which was intended as a forum for dialogue with former Warsaw Pact countries. The practical side of individual cooperation with these countries was developed in the Partnership for Peace (1994), which also became a gateway for NATO membership. All of the former Warsaw Pact countries, the Baltic States and former Soviet republics such as Kazakhstan and Ukraine, and even Russia, joined these cooperation programmes. NATO thereby made swift progress after the 1989 European Revolution in institutionalizing relations with the former enemy and laying the foundations for including at least some of these countries in the Western camp.

In March 1999 the decision was made to proceed to the first round of NATO expansion with Poland, the Czech Republic and Hungary. The Russian Foreign Minister Igor

Ivanov was still declaring in late February 1999 that if NATO did go ahead with the expansion and if the Baltic States also joined, Russia would be forced to take measures for its own security.¹¹⁵ During the Munich security conference in 1999, the Russian Deputy Foreign Minister Yevgeny Gusev repeated the known Russian position that allowing former parts of the USSR to become members would be tantamount to crossing a 'red line'. This is why the admission of Estonia, Latvia, Lithuania, Slovakia, Slovenia, Romania and Bulgaria in March 2004 was seen as a deeply painful setback for Russia.

The American Secretary of Defence, William Cohen, and the Secretary of State, Madeleine Albright, brushed away all of Russia's objections by pointing to the organization's 'open door policy' and the fact that NATO had no geographical limits.¹¹⁶ This was confirmed in the Washington Declaration, signed at the NATO summit of April 1999. The reference to 'geography' implied that NATO would not allow Russia to claim any new influence in countries belonging to its former sphere of influence. In April 2009 the last expansion round to date took place, with Croatia and Albania.

Seen from the West's perspective, this was a logical development. It fitted with Immanuel Kant's idea that an ever-expanding zone of stability and peace would emerge, whereas for conservatives it was a method for containing a potentially aggressive Russia. Moreover, it was generally believed that countries should be free to choose for themselves whether they wanted to become members of Western institutions. Naturally, the Russian view was very different. In a political-psychological sense, it is understandable that after the painful collapse of the Soviet Union, the inclusion of former Warsaw Pact countries in the former enemy camp felt like an affront. Resistance to NATO expansion ensued

consensus among the various political groupings within Russia, and stimulated Russia's sense that its national identity was different from that of the West. Another factor for Russia was that despite the existence of a NATO-Russia council, Russia had no real influence on the alliance, while it was the central player in Central and Eastern European security policy.

The extent to which this was all about Western power politics was captured in December 1994 by William Safire, a conservative columnist at the *New York Times*. He voiced the predominant but unspoken sentiment within NATO that Russian weakness should be exploited in order to shift the line of defence to the east. Safire feared that if NATO were to wait too long to welcome new member states, this could provoke a response from Russia, for he believed Russia to be expansionist by nature.¹¹⁷ In the end, the expansion of NATO was a *fait accompli*, but Russia's irritation did not go away.

Growing anti-Western sentiment, economic chaos and the failed experiments with democracy brought Prime Minister Vladimir Putin to power in 1999 in the latter years of President Boris Yeltsin's administration. He commanded respect in his own country for the way in which he put down the Chechen revolts. For the West, however, Russia's actions were mainly characterized by an unusual level of barbarity. On 9 February 2000 a Russian missile instantly killed 150 citizens in Shali in response to the rebel advance in the city. The capital, Grozny, was razed to the ground in an attempt to oust the rebels. The attempt was successful, but there was massive international protest. The American Secretary of State Madeleine Albright described the events as 'deplorable and ominous'.¹¹⁸ After the destruction of Grozny the United States included the city in the United States Holocaust Memorial Museum and placed Chechnya

on the Genocide Watch List. But from Putin's perspective, the operation was successful. The war could be brought to an end and Chechnya remained part of Russia, although the situation was far from stable. Around 200 Russians died when Chechen rebels carried out numerous attacks between 2002 and 2004. Hundreds of citizens died during hostage-takings in a Moscow theatre and a school in Beslan. In both cases, Putin was again accused of using excessive force to end the occupation. Only in 2009 did the rebels definitively abandon the fight. It was clear that Putin was prepared to ignore all conventions of war if this served his aims, and that his thinking on the use of force was very different to that in the West.

Recovering the glory of the old Soviet Union had become an important goal as early as during the Yeltsin period. In 1992 the unofficial Karaganov doctrine was formulated. Sergey Karaganov was a political scientist and advisor to Yeltsin, and later to Putin. He openly asked whether Russia would be able to survive as a rump state. He predicted great instability along the borders, resulting in refugee movements. For this reason, he thought that Russia should strive to integrate the old Soviet Union into confederal structures, with the protection of Russian-speakers or ethnic Russians in the former Soviet republics as a key underlying principle. He saw this as part of a policy of furthering human rights and protecting minorities in countries that had formed part of the Soviet Union.

According to Karaganov, if ethnic Russians were threatened, then armed force could be deployed. In his view, this could only be done if Russia had a certain degree of legitimacy. He believed that NATO and the European Union on the one hand, and Russia on the other, had such rights within their respective spheres of influence. The Russian

sphere of influence consisted of the Commonwealth of Independent States (CIS), an association of former Soviet states that was established in December 1991 in the place of the Soviet Union. The Baltic States did not join. Georgia joined in 1993, but Turkmenistan left in 2005 and became an associate member. In October 2002 the presidents of Armenia, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Belarus signed a treaty in Tashkent, founding the Collective Security Treaty Organization (CSTO). The purpose of this organization was to provide collective defence against external aggression. In 1994 the President of Kazakhstan, Nursultan Nazarbayev, proposed the idea of far-reaching economic and political integration, following the example of the European Union. The idea was taken up and developed by Putin.

The idea of demarcated spheres of influence, binding the former Soviet republics to the motherland and protecting ethnic Russians or Russian-speakers beyond Russian borders thus formed a constant in Russian foreign policy after the end of the Cold War. Protecting these groups had already led to the *de facto* Russian annexations of Transnistria (1992), Abkhazia and South Ossetia (2008). This issue remained unresolved, leading to the emergence of 'frozen conflicts'. The two latter *de facto* annexations were the direct outcome of a war that Georgia began in order to rectify South Ossetia's *de facto* independence from Georgia. It thereby entered into conflict with Russia and lost. Russia's harsh actions were also related to Georgia and Ukraine's likely prospects for NATO membership, something that President George W. Bush's firmly supported. During the April 2008 NATO summit in Bucharest, the allies compromised by declaring that the accession process would not start for now, but Georgia and Ukraine would ultimately become members of NATO. The

Russian reaction was predictable. Alexander Grushko, the Russian Deputy Minister of Foreign Affairs, warned that Georgian and Ukrainian membership of NATO would be an 'enormous strategic error' with significant consequences for the security of the whole of Europe. Moreover, with the annexations, Russia made it clear that it had the right to intervene in countries that had belonged to the Soviet Union. Also playing a role in this, however, was the fact that for centuries Russia has been a typical imperial power that wants to demonstrate its power through territorial expansion.

Russian policy documents also capture this sense of resentment and the notion that Russia has historical claims to the former Soviet areas. Recent examples are the Military Doctrines of 2010¹¹⁹ and 2014.¹²⁰ The latter version of the military doctrine reasserts that the greatest threat to Russia is the build-up of NATO troops, the worldwide deployment of these troops and NATO expansion in the direction of the Russian border. The abovementioned American Prompt Global Strike concept is explicitly considered to pose a real threat to Russia. One should note that a great difference between this and the previous doctrine is that domestic unrest and even *coups d'états* are now seen as real threats to the regime. This suggests a perception that Russia is becoming less stable. The Russian Foreign Policy Doctrine, which was published in draft form in 2013, harks back directly to Karaganov's ideas by identifying the policy's objective as the 'all-embracing protection of the rights and interests of the Russian citizens and comrades who remain abroad and the advancement of Russia's approach to human rights'.¹²¹ As mentioned above, Putin believes these objectives to have been frustrated by the West.

It is not surprising that the doctrine puts great emphasis on the further development of the CIS, the Collective

Security Organization and the Eurasian Union.¹²² These initiatives are intended to create 'effective linkage' between Europe and Asia. On 18 November 2011, the presidents of Russia, Belarus and Kazakhstan signed an agreement to create, as of 1 January 2012, a Eurasian economic space and a Eurasian Union that would become operational on 1 January 2015. Although not explicitly stated, the objective of this cooperation was the creation of a bloc under Russian leadership. During a peace conference in Minsk at the end of August 2014, Putin hinted at the importance of Ukrainian membership for achieving this goal. Without the 45 million Ukrainians, the Eurasian Union would be unable to develop as a counterpart to the European Union.

Another goal of the cooperation was to support Russian comrades in the member states of the Commonwealth. These Russian speakers would demand treaties that would set out their rights in the areas of education, language and employment, as well as their human rights. It was precisely these arguments that Putin used in April 2014 when he threatened an intervention in Eastern Ukraine, when ethnic Russians had come under pressure.

During the NATO summit in Lisbon in 2010, heads of state and government leaders decided to establish a missile defence system in Europe. NATO maintained that Iran, not Russia, was the major threat, but the Russians did not believe this. A further point of contention was the Kosovo War of 1999, which NATO had conducted without an adequate UN mandate, in order to drive the troops of the Serbian President and Russian ally out of Kosovo. In any case, the war broke out after the attempts of the so-called Contact Group, of which Russia was also a member, failed to have any effect on the alleged wrongdoings of the Serbian troops in Kosovo.

Above all, the Russian elite was unable to stomach the bombing of Russia's ally Serbia. The crisis, which was called the 'first humanitarian war' by the British Prime Minister Tony Blair, clearly revealed that for the West a new rationale had emerged for intervention; that the principle of non-intervention in a country's domestic affairs, to which Russia adhered, had become a dead letter; and that the Security Council, in which Russia had a veto, could be ignored. In the final days of the war, Russia even risked a direct confrontation with NATO when 200 soldiers were sent to Pristina Airport in the hope of getting there before the NATO soldiers. In the end, Russia accepted the situation that had developed in Kosovo. The feelings of ill-will mounted, however, and there was consensus among all political groupings in Russia that Russia was not just any country, but a great power.¹²³

Finally, there was the question of Libya. In 2011 the UN authorized a military operation to protect civilians who were threatening to become the victims of the battle between troops loyal to the Libyan leader Gaddafi and rebels advancing from the East. Resolutions 1970 and 1973, which Russia did not veto, explicitly forbade any operation against the regime with the aim of ousting it. However, in a letter sent to *The Times*, the *International Herald Tribune* and *Le Figaro* in April 2011, President Barack Obama, Prime Minister David Cameron and President Nicolas Sarkozy argued that Gaddafi would have to go after all.¹²⁴

In the meantime, from Putin's perspective, the tide had turned. The West had become weaker, meaning that it was now less able to dominate the global economy and global politics. Putin's assessment was not unfounded. First, as explained above, the Europeans had drastically neglected their defence, and a strategic culture had developed in

which most EU and NATO member states wanted to deploy their militaries only for humanitarian purposes in future. There was no longer any room for military power to back up coercion or coercive diplomacy. In 2015 Pew Research found that roughly half of or fewer in six of the eight countries surveyed say their country should use military force if Russia attack an neighbouring NATO-member state, whilst at least half in three of the eight NATO member states say their government should not use military force against an aggressive Russia.¹²⁵

Second, Putin saw that Europe's unity had been eroded. Among other things, this was a consequence of the expansion of the European Union to include Central and Eastern European countries, some of which did not satisfy the formal accession criteria. This undermined public trust in the European project, mainly in the Northern states. Furthermore, the Union had been in a state of political and institutional crisis since the Dutch and the French had rejected the European Constitution, a situation that so undermined European unity that Europe's leaders were hardly able to pursue a coherent financial, foreign, security and defence policy. Later this was further reinforced by the European debt crisis. Moreover, the debt crisis put North-South solidarity to the test. As explained above, a fundamental difference in vision developed between North and South regarding how to solve the crisis. What is more, from the perspective of the Northern member states, the crisis exposed the economic mismanagement of the South. Northern EU member states resented having to foot the bill for the consequences of the debt crisis in the South; their support was seen as a reward for irresponsible fiscal policy.

The extent to which the mood in Europe had turned was revealed during the European elections of May 2014, when

populist and nationalist anti-integration parties won in almost every member state. In many European countries, the political middle ground came under pressure. Populists and nationalists exploited mounting insecurity about the future of an increasingly complex world, in which prosperity and security could no longer be taken for granted. In January 2014, *The Economist* referred to the emerging populists as 'insurgents', a term that had until then been reserved for extreme Muslim fundamentalists.¹²⁶

Third, European unity was undermined by Russian and Chinese investment and support programmes, which mainly seemed to be focused on Southern member states affected by the debt crisis. China contributed 5.6 billion euros to the European emergency lending institution and extended 15-30 billion euros of loans to the Southern member states. Greece, Italy, Portugal and Spain soon accounted for 30 per cent of all Chinese investment in Europe. In 2010, for example, China bought Greek government bonds in exchange for a 35-year lease of the Port of Piraeus and an agreement to purchase Chinese ships. Piraeus is a Southern European terminal for the 'silk routes' announced by the Chinese President Xi Jinping; the name refers to the routes that linked Asia and Europe between the 7th and 10th centuries. In November 2014 Xi announced a 40 billion-dollar fund for the necessary infrastructure. The new rail and naval links form part of a strategy to link China to Europe economically and thereby exercise more political influence in Europe. Certainly under Xi, the assumption that China had an interest in an economically prosperous but politically divided EU was justifiable. By allowing the Chinese to invest in Greece, the Greek government hoped to turn the impoverished country into the trade hub in the eastern Mediterranean.



16. The original silk routes; the new routes largely follow the old ones.

The left-wing Syriza party that won the Greek elections in January 2015 openly made eyes at Russia and China, thereby further undermining the unity of the European Union. One unique form of support came in the form of Russian contributions to extreme political parties within the European Union. For example, representatives of the German anti-EU party Alternative für Deutschland received invitations from Putin in November 2014, the French Front National received a 9.4 million-euro loan, and the party leader Marine le Pen held talks in Moscow. The leader of the Austrian far right party FPÖ also visited Moscow and the leaders of the extreme Hungarian party Jobbik maintained particularly close ties with Moscow. As a consequence, the Southern member states were drawn into a geopolitical game in which their loyalty to the North was put further to the test.

Elsewhere in Europe, China also became more active with investments in infrastructure and high-tech industries. During the first half of 2012 alone, investments rose by 63 per cent as compared to 2011. In 2007 the Chinese

bought Schwerin-Parchim airport in Germany, and China eventually became one of the largest investors in the Port of Rotterdam. In the car industry, MG Rover and Volvo were taken over and strategic cooperation began with Daimler. China gained easy access to European markets because politicians hardly saw the relationship in geopolitical terms, but purely in terms of trade politics. In practice, politicians failed to perceive that China was deliberately undermining European unity by focusing its investments in Southern member states. This was also true of the fact that there was no reciprocity: the Chinese were welcomed in Europe with open arms, but not vice versa. Chinese investment revealed yet another division: European countries with an ideological leaning towards free trade (Denmark, the Netherlands, the United Kingdom and Sweden), along with Germany and France, that were frustrated about the lack of market access in China, versus most of the Southern member states, which were mainly concerned with solving their financial problems by making deals with China.¹²⁷ The frustrated countries increasingly saw that doing business with state capitalist countries involved a different set of rules that hardly related to those of the free market. If these countries were to stick to the rules of the free market as far as possible, then there would be greater unity in Europe. From a political perspective, it is to China's advantage that as a result of these politics, Europe is unable to become a geopolitical player for the time being. Naturally, this is also to Russia's advantage.

Europe's inability to become a geopolitical player is also due to Russia's energy policy, which, like Chinese investment, plays the Northern against the Southern member states. This was revealed by a massive deal between Gazprom and Austria, Bulgaria and Hungary on the South Stream

pipeline, at the time when the European Union was taking decisions about imposing sanctions on Russia in the wake of the *Anschluss* in the Crimea in March 2014. Gas would no longer be distributed via Italy, but via a hub in Austria. As the South Stream pipeline transports gas to Europe through Ukraine and divides EU member states with separate deals, South Stream has de facto become a geopolitical project. This is also shown by the fact that the pipeline has been re-routed in order to circumvent the Ukrainian EEZ. For these reasons, the European Parliament and the European Commission are opposed to the South Stream pipeline. The European Commission used the competition laws to prevent its construction, officially on the grounds that the Commission questioned the ownership of and access to the new pipeline. This brought EU states that had signed the deal onto a collision course with the Commission, a unique development that could have far-reaching consequences. In any case, Russia had effectively driven a wedge into European solidarity. In order to change this, the Polish Prime Minister Tusk proposed an Energy Union. The plan would provide for a new EU authority that would enter into price-negotiation talks with Russia on behalf of the member states. Such an arrangement already exists for the procurement of uranium. However, Tusk also wanted EU measures in the area of energy infrastructure, mutual solidarity in the case that countries were hit by a gas blockade, and improved access to the European market for other gas-producing countries, such as the United States and Australia.

In the end, Russia came off worst in this geopolitical game. Gazprom cancelled the project and strengthened ties with Turkey, where the pipeline must now end. Moreover, in the meantime Tusk had become the chair of the European Union's most senior political body, the European Council, and

Maroš Šefčovič had become the Commissioner responsible for Energy Union for the EU's executive body, the European Commission. Hoping to turn Greece into a gas hub, however, in June 2015, the Greek government signed an agreement for Greece's participation in Moscow's planned extension of the new 'Turk Stream' gas pipeline through Greek territory.

We must conclude that although there have been periods of thaw and cooperation, in recent decades much ill-will has developed in Russia regarding Western Europe and America. The often close trade relations and economic ties have proved insufficient to compensate for this. Ultimately, in most cases Russia accepted developments and situations that had been created by the West and that the country itself considered disagreeable. But this was perceived as all the more painful because all political groupings in the country agreed that Russia was not just any country, but a great power. The Russians were therefore deeply upset that the West initially refused to include Russia in the most important Western institutions, such as the OSCE, the IMF, the World Trade Organization (WTO) and NATO. After the *Anschluss* in the Crimea in 2014, Russia lost its place at the G8's table.

Russia's problem, however, is that its claims to great-power status are not grounded in a booming economy, a high income per capita, innovation and a strong army. What is more, Russia was unable to counter European soft power and the gradual expansion of NATO and the European Union with soft power of its own, because the country had no attraction at all for former countries from the Warsaw Pact. Therefore, Russia has only been able to counter this soft power with hard power.

This is what happened during the Ukraine crisis. During this crisis, President Putin exploited the West's decline in power, disunity, and the European postmodern condition,

whereby military power had been renounced to a major extent as an instrument for power politics. Europe's problems were further intensified by America's increasing aloofness in international politics – the principle of 'leading from behind' and 'rebalancing' towards Asia, prompted by the weakened power-political position of the United States itself. This means that Europeans are now expected to be primarily responsible for their own security.

Although isolationism is a recurring theme in American politics, the United States cannot afford to turn away from the rest of the world completely. The concept of 'leading from behind' does mean, however, that at present the United States wants to be involved in its allies' conflicts in a facilitating role.¹²⁸ How this works in practice was shown during the NATO operation against Libya. Then, the Americans decided not to participate directly in the actual military action, but to leave it to the Europeans. Indirect support was indispensable, however. Even the most capable European military powers, France and England, proved to have insufficient capability to keep sustained military operations going and they possessed insufficient capabilities, for example, to gather and share intelligence above the battlefield. During the operation, 80 percent of this linchpin that is so essential to carrying out military operations was supplied by the United States.¹²⁹

As a result of these developments, other typically European preferences are also under pressure, such as the emphasis on effective multilateralism, the international legal order and values such as human rights and democracy. In short, partly through its own actions, Europe has sidelined itself as a strategic player. The consequences of this came to light for the first time during the Ukraine crisis.

9. The struggle for Ukraine

The Ukraine crisis of 2014 saw Russian resentment and revanchism vis-à-vis the West collide with Europe's inability to safeguard what it had achieved with its soft power. The Ukraine crisis made it clear that European power had declined to the extent that the continent was no longer able to protect its interests. Most important, however, was the fact that due to the crisis in Ukraine, European fault-lines resurfaced, cooperation faltered and security and prosperity were eroded. As a result, the order that had been established with the Charter of Paris for a New Europe, signed by Russia, the United States and the European countries, appeared to come to an end. In this charter, which was solemnly signed by the heads of state and government leaders of the OSCE member states in November 1990, all European countries and North America committed themselves to an undivided Europe; to desist from using military force in territorial disputes, but to settle differences peacefully; to develop confidence-building measures and mechanisms for peaceful dispute settlement; and to respect countries' economic and political choices. With this charter the signatories bid farewell to the Cold War, and a new, undivided Europe was established. The Ukraine crisis is so fundamental in nature because almost every one of the agreements in the charter has been broken by Russia.

One ray of hope was that despite the fact that the crisis in Ukraine was reminiscent of a classical struggle for spheres of influence, there were no vital interests at stake for the United States and its European allies. There was also no treaty commitment to oblige them to intervene militarily. For this reason, government leaders argued from the

outset that the conflict would not escalate into a military confrontation. President Obama emphasized that a military solution had been ruled out.¹³⁰ From the perspective of coercive diplomacy, this was a striking view; after all, explicitly ruling out the military option meant that Russia could not plausibly be put under pressure, confirming Putin's conviction that the West had become weaker and that he could thus do what he liked.

The situation would be different, of course, were the conflict to escalate into NATO territory. One scenario that was feared in the Baltic States was that the Estonian city of Narva might become cause for a Russian intervention. Narva, the third city of Estonia, is mainly populated by ethnic Russians, who protested a number of times in the 1990s against the fact that their city was in Estonia, not Russia, and who were sympathetic to the annexation of the Crimea by Russia. In that case, Article 5 of the NATO treaty would become effective, that the member states would commit themselves to the collective defence of Estonia. This commitment was confirmed by President Obama during a visit to the NATO Secretary General Rasmussen during the crisis on 26 March 2014.¹³¹ In the event of the activation of Article 5, there would be a threat of escalation to nuclear war between East and West, just as there had been during the Cold War. Suddenly the old theories of deterrence proved relevant again. In this respect, the remarks of the Deputy Chairman of the Duma, Vladimir Zhirinovskiy, added fuel to the fire when he threatened Poland and the Baltic States with carpet-bombing if they did not renounce their support for NATO and the European Union's position on Ukraine.¹³² But the most probable scenario was escalation as a consequence of misperceptions and accidents. For example, the Russians could interpret NATO's development of a new

Very High Readiness Force (VHRF) and the decision by the United States to pre-position tanks, artillery and other military equipment in eastern and central Europe as indications of an attack to which Russia would have to respond. The pre-positioning of equipment and the VHRF's small command and control and reception facilities or NATO Force Integration Units is at odds with the NATO-Russia Founding Act of 1997, which states 'reinforcement may take place, when necessary, only in the event of defense against a threat of aggression'.

NATO's air policing duties in the Baltic might also lead to escalation if they were to result in clashes between Russian and NATO aircraft. Thanks to good foresight, such clashes were avoided. NATO and Russian exercises and the Russian violations of NATO airspace could also encourage escalation. On 3 March 2014, a Russian reconnaissance plane almost collided with a Scandinavian Airlines passenger plane that was taking off from Copenhagen airport.

These observations also clearly show that the crisis is the first geopolitical power struggle between East and West since the end of the Cold War. Although Ukraine's potential membership of NATO played a role, it is interesting to note that it was not NATO expansion, but the expansion of the European Union's Eastern Partnership programme that precipitated the crisis. The Eastern Partnership is a cooperative programme between the European Union and six former Soviet republics in Eastern Europe and the Caucasus, namely Armenia, Azerbaijan, Georgia, Moldova, Ukraine and Belarus. Created in 2009 on the initiative of Poland and Sweden, the Eastern Partnership is intended to improve political and economic relations with these countries and promote security and stability along the eastern border of the European Union. Among other things, the

partnership provides for visa arrangements and free trade agreements with the former Soviet republics. But at the same time, it is an important geopolitical project. It should come as no surprise that the initiative was taken after the Russo-Georgian War of 2008. For Poland and the Eastern member states of the European Union, the partnership was intended to bind countries that were under pressure from Russia to Western institutions. The geopolitical significance was also shown by the fact that countries joined on the basis of their 'strategic significance', even if they did not border an EU country.¹³³ Belarus, the last real dictatorship in Europe, was admitted in order to thereby drive back Russian influence in the country.¹³⁴ This also explains a remark by the American Assistant Secretary of State for European Affairs, Victoria Nuland, when she declared in December 2013 that the United States had invested more than five billion dollars in Ukraine since 1991 to give the country 'the future that it deserves'. The investments were mainly focused on promoting democracy. Member states such as Germany and France had their doubts about the partnership, though, on the grounds that it might be seen by Ukraine as a step towards EU membership.

The Association Agreements, which were one of the objectives of the partnership, were the direct cause of the dispute. Additional factors, however, included the ongoing economic malaise caused, among other things, by deep-rooted corruption and mismanagement, political instability, divisions among the population, the devaluation of the currency, the inability to attract money from the capital markets and the manner in which the Ukrainian President Viktor Yanukovich had treated his political rival, the leader of the Orange Revolution and the first Prime Minister of Ukraine, Julia Tymoshenko.

Things went wrong in November 2013 when President Yanukovich decided not to sign an Association Agreement with the European Union during the summit of the Eastern Partnership in Vilnius. Twenty billion euros of loans were needed in order to avert bankruptcy, but the European Union was offering only 610 million euros. Russia was prepared to provide 15 billion dollars of loans plus a lower gas price. Moreover, the European Union was demanding fundamental reforms, whereas Russia was not. At the same time, Russia threatened to impose economic sanctions, mainly in the area of gas supplies, if Yanukovich signed the agreement with the European Union. The President subsequently agreed to the Russian offer; and with this, the struggle began.

Yanukovich's about-turn threw the fat in the fire. The protests by Yanukovich's opponents were initially peaceful, but they became more violent when parliament passed laws to suppress the demonstrations. In February 2014 this led to sizeable demonstrations and violence in Maidan Square, the central square in the capital Kiev. In mid-February Russia released a second tranche of loans. This provoked new protests among the protestors in Maidan Square, which subsequently led to yet harsher actions by government troops. The opposition saw taking the loans as yielding to Russian pressure, which made them feel sidelined.¹³⁵ Moreover, there were rumours that Russian advisors had a hand in the government's tougher response. This suspicion was strengthened by the fact that the Russian Prime Minister Dmitry Medvedev demanded that unless the government bring an end to the protests, no more loans would be released. In the end, the riots in Maidan Square got out of hand and politically motivated violence also erupted beyond Kiev between Ukrainian-Russians and Ukrainians.

At the same time, Moscow warned Moldova, which also borders Russia and which Putin sees as falling within the Russian sphere of influence, not to sign an Association Agreement. Although this was not successful, the Russian army again guaranteed the independence of Russian-speaking Transnistria, which had seceded from Moldova in 1990.

On 21 February a compromise was reached between the government and the opposition. It was negotiated under the leadership of the Ministers of Foreign Affairs of Poland (Radoslaw Sikorski) and France (Laurent Fabius) and Germany (Frank-Walter Steinmeier). Among other things, the treaty provided for a return to the old, democratic constitution of 2004, constitutional reforms, elections and an amnesty for the protestors. Tymoshenko, who had been accused of corruption and mismanagement, was also discharged from prison and a dismissal procedure began against the President himself. Parliament subsequently agreed to the President's resignation and determined that new presidential elections would be held on 25 May. Yanukovich considered the course of events to be illegal; he fled to Russia and continued to present himself as the lawful President. Russia saw his departure as a *coup d'état*, because a democratically elected president had been toppled with Western assistance. This view was understandable, because Victoria Nuland had openly argued for regime change and Geoffrey Pyatt, the American ambassador to Ukraine, had presented the departure of the President as a victory, arguing that history was being written in Ukraine.

By installing a pro-European government, Ukraine re-joined the Western camp and the Association Agreement was finally signed. In response, Russia threatened to stop the loans and turn off the gas. The dynamic that the conflict

had now assumed meant that civil war broke out in the east of the country, whereby Russian separatists first occupied government buildings and then cities. On 1 March 2014 the ousted President asked the Russian President Putin to deploy his armed forces in order to restore order and peace in Eastern Ukraine. On the very same day, Putin gained the Duma's consent for this. On the following day, 2 March, Russian troops took *de facto* control of the Crimea. At any rate, on the grounds of the Russian-Ukrainian treaty, Russia had the right, under the lease of the naval port of Sebastopol, to station a maximum of 25,000 soldiers and equipment in the Crimea. Thus no intervention from Russia was needed for the occupation of the Crimea.

The West fought the battle with Russia for the Crimea and influence in the rest of Ukraine by imposing sanctions, which is also a form of power politics. On 6 March, in response to the decision by the Crimean Parliament to hold a referendum on joining Russia, Obama imposed the first visa restrictions on Russians involved in the military operations in the Crimea. On 17 March, a day after the referendum in the Crimea, new sanctions were announced against eleven Ukrainians and Russians who were held responsible for the situation that had developed. Making reference to the *Anschluss*, the American President Obama spoke of Russia as a country 'on the wrong side of history'. His Secretary of State, Kerry, referred to 19th-century behaviour. German Chancellor Merkel wondered whether Putin's actions were in line with reality, or whether he was living in another world.

Meanwhile in Eastern Ukraine, a revolt by Russian-speakers against the new government in Kiev had broken out. It briefly seemed that a breakthrough in the conflict might be possible when, on 17 April in Geneva, Russia, the United States, the European Union and Ukraine called on

the rebels to accept a ceasefire. When they refused, Russia continued to support the rebels, and the West, in turn, the incumbent government. The United States and the European Union subsequently decided to impose mounting sanctions with every new step taken by Russia in Ukraine to aid the Russian-speakers. As a result, the conflict resulted in a spiral of ever-tougher Western sanctions and Russian countermeasures.

The crisis intensified unexpectedly when on 17 July 2014, flight MH17 was brought down in an area controlled by the separatists. All 283 passengers and 15 crew were killed. After the airliner was brought down, the sanctions that had been imposed on Russia by the United States and the European Union were further intensified. The tone also hardened between East and West, so much so that some, including the British and Russian ex-Ministers of Foreign Affairs, Malcolm Rifkind and Igor Ivanov, warned of a new Cold War and pleaded for new dialogue to counter further escalation.¹³⁶

The first attempt to reach a peace agreement took place in April 2014 in Geneva. The United States, the European Union, Ukraine and Russia agreed to a ceasefire, which was subsequently violated. New attempts followed with the Minsk Protocol of September 2014 agreed by the Contact Group consisting of Russia, Ukraine and the OSCE. The rebels also agreed to the protocol, but the truce was eventually violated again. The outcome of the negotiations was a form of autonomy for the rebels in Eastern Ukraine. In February 2015 the German Chancellor Merkel and French President Hollande left for Moscow to make another attempt, and the discussions continued shortly afterwards in Minsk. All of these diplomatic activities show that people were aware of the great seriousness of the situation.

In practice, however, the Europeans in particular did not know how to deal effectively with the situation that had arisen. One explanation for this is that Europe was being confronted for the first time with a form of power politics known as 'hybrid warfare'. This does not involve the direct use of military power, but the emphasis instead lies on the indirect – sometimes secretive, sometimes open, but always orchestrated – use of a scale of instruments of power. During the crisis, Russia held exercises with regular troops on the border with Ukraine. It was feared that Russia wanted to use these troops to intervene in Ukraine, but in practice the troops proved mainly to be a diversion for secret operations using special operations forces (SOF), Russian 'volunteers' and weapons supplies to support the rebels. These regular troops could be deployed, though, if it looked as though the rebels might be defeated. One aspect of hybrid warfare is using propaganda and exercising subversive political influence over the government in Kiev. In the Ukrainian newspaper *Zerkalo Nedeli*, a document was published that set out the tactics for persuading Ukraine to turn its back on the European Union and become part of the Customs Union established by Russia.¹³⁷ This had to be done by means of a focused media campaign, cooperation with oligarchs, and with economic support and cooperation. In order to influence the West, Russia announced counter-sanctions that hit the export of agricultural products, among other things. The Kremlin also attempted to play countries off against each other with the abovementioned South Stream pipeline project and by supporting parties to the far left or far right of the political spectrum. Finally, media reports drew a connection between large-scale cyber-attacks on international banks, including the American JP Morgan Chase, and the Western sanctions against Russia.¹³⁸ Even

if the Russian government was not behind the hacks, the debate alone gave a good indication of the asymmetrical actions a government could take in response to economic sanctions.

Another explanation for the shock that reverberated throughout Europe lies in the political and strategic culture that, as argued above, developed as part of the European integration process. Basic concepts of power politics such as coercion and deterrence were no longer part of the vocabulary of European politicians. European leaders did not balk from using force when it was intended to serve a humanitarian goal. Almost every intervention that occurred after the Cold War had a humanitarian component and was intended to protect a population from its leaders. This was the case for all of the operations in the Balkans from the beginning of the 1990s and for the large-scale European involvement in the stabilization missions in Afghanistan (from 2001), Iraq (from 2003) and Mali (from 2013). The intervention in the Libyan humanitarian crisis of 2011 also falls in this category. When a geopolitical element was at stake, such as driving Iraqi troops out of Kuwait (1991) or the regime change operations in Afghanistan, the United States took the lead.

The lack of understanding of Russia's actions was largely due to the fact that territory had been annexed. Putin's actions made Europeans think of the *Anschluss* of Austria and the Sudetenland into Germany in 1938. In the 1930s Europe had also been confronted by a revanchist power that exploited the weakness of Europe. In those days Hitler promoted the notion of the Greater German Reich: the idea that the German state should encompass all German-speaking or German-controlled areas. At that time, too, a large majority was in favour of joining Germany. A referendum was

held in Austria in which 99 per cent of Austrians voted for *Anschluss*, a percentage comparable with the outcome of the Crimean referendum. The British Prime Minister Chamberlain protested, but he eventually accepted the German territorial expansion into the Sudetenland in the naïve hope of avoiding something worse. This is known as appeasement; yielding to one's opponent in order to avoid worse happening. It proved a hopeless strategy. The *Anschluss* of the Crimea thus appeared to be a repetition of history.

After the end of the Cold War most European countries were also neglecting their armed forces. While the Russian and Chinese defence budgets doubled, in Europe, from 2005 – 2014 spending decreased by 8.3 per cent. The US Defense Secretary Robert Gates argued in 2010 that Europe was turning into a 'free rider': 'The demilitarization of Europe – where large swaths of the general public and political class are averse to military force and the risks that goes with it – has gone from a blessing in the twentieth century to an impediment to achieving real security and lasting peace in the twenty-first century.'¹³⁹ In 2011 he said that 'if current trends in the decline of European defense capabilities are not halted and reversed, future US political leaders – those for whom the Cold War was not the formative experience that it was for me – may not consider the return on America's investment in NATO worth the cost'.¹⁴⁰

Despite the Ukraine crisis and the increase of Russian defense spending by 8.1 per cent, the downward trend in Western Europe continued. The Stockholm International Peace Research Institute (SIPRI) found that European military spending has increased by 0.6 per cent in 2014, reaching \$ 386 billion. In Eastern Europe spending was up 8.4 per cent, but in Western and Central Europe the

spending was down 1.9 per cent.¹⁴¹ Only Poland increased its defense budget by 13 per cent.

In 2014 the Europeans failed to allow for what they regarded as old-fashioned power politics, which was focused on demarcating spheres of influence and annexing territory in order to protect interests. Europe had utterly misjudged the resentment that its policies of recent decades had caused in Russia, and Putin's desire to rectify historical humiliations.

The speech that President Putin gave on 18 March 2014, in which he justified the annexation of the Crimea, offered a unique insight into contemporary power politics. First of all, Putin attempted to legitimize the annexation by citing the fact that 82 per cent of the residents of the Crimea had participated in a referendum on joining Russia, and that 96 per cent of them were in favour of joining. Referring to the fall of the Soviet Union, he described the area's historical and emotional solidarity with Russia. In his speech, he named almost every one of the sore points of recent decades: the Kosovo war, the Western interventions in Afghanistan, Iraq and Libya, the expansion of NATO eastwards and the missile defence system. In fact, Putin drew on current arguments in international law by pointing to the right, recognized by the UN, of oppressed peoples to self-determination and the fact that a democratic referendum had been held in Crimea. However, Putin's argument was not supported by the General Assembly of the UN, because the referendum had not been accepted by the government in Kiev, among other things.¹⁴²

Furthermore, Putin accused the West of double standards and illegal interventions in Kosovo, for example, and of being unwilling to engage in genuine cooperation. His remark about the rumours he had overheard about possible

forthcoming membership of NATO was particularly interesting. NATO was also aware of this desire on the part of Ukraine, but the latter had been rebuffed in March 2014 in a discussion between the Ukrainian Prime Minister Yatsenyuk and the Deputy Secretary-General of NATO, Alexander Vershbow. After this, the government in Kiev poured fuel on the fire in December 2014 by abandoning a law, passed in 2010, providing for Ukraine's non-aligned status. In this manner, the government hoped to clear the way for future NATO membership. Indeed, one important justification for annexing the Crimea does appear to have been the fear that Ukraine might join NATO. Putin stated that were this to happen, the city of 'Russian military glory' (Sebastopol) would lie in a foreign country and that this would pose a real, not merely a theoretical, threat to the whole of Southern Russia.¹⁴³

It is for this reason that the concept of 'Novorossiya' or 'New Russia' has been discussed. Novorossiya is a historical term that refers to the southern regions of Ukraine, including the Crimea, but also the Donetsk Oblast and the Luhansk Oblast. During the Russo-Turkish Wars these regions were captured from the Ottoman Empire. It was precisely these regions that attempted to secede during the crisis of 2014. On 17 April, President Putin used the term in his annual question-and-answer show on television. But according to Dmitri Trenin of the Carnegie Moscow Center, a discussion had already begun among academics in 2003 about the need to bring this area into the Russian Federation in response to the possibility that Ukraine might join NATO.¹⁴⁴

Putin's arguments are also reflected in an article by the Russian academic Alexander Lukin in *Foreign Affairs*. Lukin, who is affiliated with the diplomatic academy of the Russian Foreign Ministry, argued that the West's attempts

to gain influence in parts of the former Soviet empire had led to the break-up of Moldova and Georgia, and were now leading to the break-up of Ukraine. He accused the West of hypocrisy. He pointed to the manner in which Russian-speakers were being repressed by 'pro-Western elements' in these states. According to Lukin, this was still the case for Russian-speakers in the Baltic States. In Estonia and Latvia, in Lukin's view, these minorities lacked equal rights and privileges. Lukin argued that Russia had repeatedly warned the West that its campaigns in Kosovo, Serbia, Iraq and Libya would not pass without consequences.¹⁴⁵ President Putin summarized the situation with his remark that during the Ukraine crisis, the West had given Russia the choice of either allowing part of the population that was ethnically, culturally and historically close to Russia to be destroyed, or being subject to sanctions.

And so it proved that power politics had by no means disappeared from Europe; rather, material for conflict had been building up steadily since the early 1990s. In response to the question of who was in the right over Ukraine, from the perspective of the Realist school and the security dilemma, it can be argued that the crisis would not have broken out had Putin not assumed that the United States and the European allies would be too weak to respond. According to Alexander Lukin, meanwhile, it was only a question of time before Western and Russian views clashed in Ukraine.¹⁴⁶ This time came when a weakened West, in Putin's view, made yet another attempt to expand its sphere of influence into the former Soviet Union. He thereby believed a line to have been crossed, which necessitated a response.

10. The rising power of China

There are striking parallels between Putin's politics and Chinese power politics in the South and East China Seas. The United States *did* take military action, though, when Beijing announced an air defence zone above some uninhabited islands that are disputed by China and Japan. The reason for this was that, unlike in Ukraine, in Asia vital American interests were at stake, and the United States had extended security guarantees to Japan.

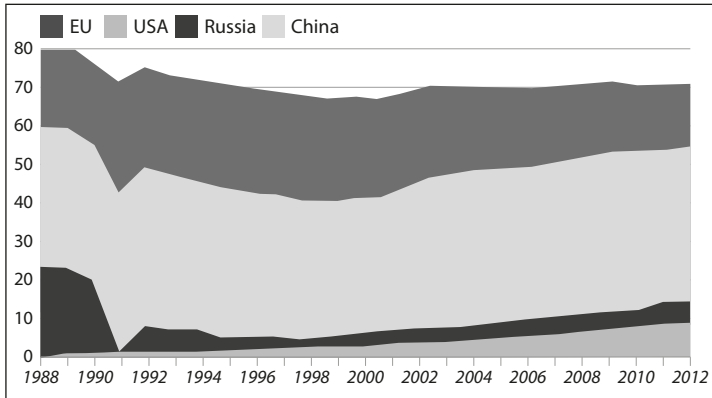
The rise of China is undoubtedly the most important geopolitical development of recent decades. This is confirmed by the figures: over the last 30 years, the country has enjoyed average economic growth of 10 per cent. In 2011 China overtook Japan as the world's second economy, and in 2013 China became the world's largest exporter and overtook the United States as the largest importer of oil. In 2014 China overtook the United States as the world's largest trading nation.

In recent years, numerous books have been published on the new world order and how it will be dominated by Asia. One of the more influential authors is the Singaporean ex-diplomat and professor, Kishore Mahbubani. The subtitle of his sensational book *The New Asian Hemisphere* (2009) refers to what he believes will be an irresistible shift in geopolitical power to the East. The idea that the geopolitical centre of gravity will shift from the transatlantic world to Asia is by no means new. It is a fact that China has grown rapidly since Deng Xiaoping opened up the country to the world at the end of the 1970s. Deng strengthened China's ties with the United States and Russia and laid the foundations for large-scale socio-economic reforms, meaning that China

developed an economy based on capitalist principles on the one hand, and a political and social system based on socialist principles on the other. The example of China clearly shows that a country that becomes part of the process of globalization and renounces isolation can enjoy rapid economic growth.

China is the only emerging economy to have converted its newfound economic power into diplomatic and military power. Its defence budget continues to rise: it doubled between 1989 and 1994, then doubled between 1994 and 1999, and doubled again between 2005 and 2009. Since then, it has kept rising at an accelerated pace. China's new position of power ensures greater equality in its relations with the European Union and the United States, despite the fact that large parts of China still have developing-country status. In international relations, what matters is the overall size of a country's economic and military power, and the way its leaders are prepared to use this power to augment their influence. The average income of the individual Chinese citizen, which lies far behind that of Western citizens, is less important.

It is indisputable that the rise of China is leading to geopolitical changes. If a country with 1.3 billion inhabitants develops, this is by definition a game-changer, as Elizabeth Economy wrote in *Foreign Affairs*.¹⁴⁷ It was for this reason that in 2010, *Forbes* proclaimed the Chinese President Hu Jintao, and not President Obama, to be the most powerful man in the world. The *Forbes* title indicated how important China had become. Its importance was also revealed by the American President's four-yearly survey of future trends, carried out by the combined intelligence services, the National Intelligence Council (NIC). In *Global Trends 2030*, the rise of Asia is seen as a defining development. It is



17. The share of the key players in global military expenditure.

argued that by 2030 the balance of power will have tipped in Asia's favour in all respects. Asia will have overtaken Europe and the United States not only in GDP, but also in terms of military expenditure and technology and innovation.¹⁴⁸ In 2012 the size of the American and European economies amounted to 56 per cent of the global total; in 2030, this will have fallen to less than 50 per cent.

Like Russia, China feels excluded from Western institutions. Just like Russia, China has therefore taken initiatives to improve its status by setting up multinational organizations. In 1996 it took the initiative to found the Shanghai Five, along with Kazakhstan, Kyrgyzstan, Russia and Tajikistan. The fall of the Soviet Union and the founding of the Shanghai Cooperation Council, which grew out of the Shanghai Five, led to a substantial improvement in relations with Russia. This meant that China could focus more of its attention on other strategic issues, such as Taiwan, the South China Sea and the East China Sea.¹⁴⁹ The objective of this initiative was to demarcate borders and agree confidence-building measures. After the Asian financial crisis, China

helped to create the ASEAN Plus Three, along with Japan and South Korea, in order to increase financial stability in the region. In 2002 China signed a free trade agreement with ASEAN, which came into force in 2010. On the one hand, China's involvement in multilateral institutions is driven by economic growth, while on the other, it is prompted by a desire to achieve greater influence in the region. Despite this, China is ambivalent about international cooperation. As noted above, emerging powers such as China do not reject the international order, but their overriding objective is to ensure that it reflects their own preferences to a greater extent. This will help China to protect its interests more effectively.

As explained in Chapter 3, having secure trade routes and unhindered access to raw materials and fisheries is an internal political security priority. This domestic priority seems to be a more important explanation for the changes in Chinese foreign and defence policy than anti-American power politics and Asian dominance. Despite this, many Western experts and policymakers have focused on the latter to explain the changes in China. Domestic priorities also explain the emphasis on the concept of a 'peaceful rise', which was launched by Hu Jintao, the President, Party Chairman and Chairman of the Central Military Commission between 2002 and 2012, as a counterweight to the Western idea that China was out to achieve global hegemony. Precisely for this reason, in 2004 the word 'rise' was replaced by 'development', to make it clear that the rise of China was not aimed at any other state. The concept was presented in 2005.¹⁵⁰ The key underlying principle was that China was still a developing country, that it wanted a multipolar world rather than hegemony, and that it respected the five principles of peaceful co-existence.

The concept of peaceful co-existence had originated in the Soviet Union and was later embraced under Mao by the Chinese Minister of Foreign Affairs, Zhou Enlai, in 1953. Among other things, the principles are based on respect for sovereignty, territorial integrity and non-intervention, mutual interest and the rejection of aggression against other countries. Hu Jintao saw peaceful development as essential for China's economic and social development. Combating poverty, energy efficiency, the greening of the economy, investment, ICT and education, and embracing world trade are essential conditions for China's development.

At the heart of the country's foreign policy lies the 'democratization of international relations', an aim that turns on dialogue and multilateralism, not coercion. This seems logical, because a country can only develop in a peaceful and stable environment. If fundamental principles are threatened, however, such as having unhindered access to raw materials, by definition national interest comes before peaceful development; and this is precisely what Chinese foreign policy is about. Moreover, the Chinese leaders oppose hegemony, which means that they are in fact opposed to the American global dominance that has defined international relations since the end of the Cold War. Actively striving for a multipolar world, with China as one of the centres of power, is a key component of this policy.

New geopolitical relations between the most important players are slowly taking shape. With its newly acquired power, China is jointly able to determine the rules of the game. One way for a country to demonstrate its power is to take a contrary line in international consultations, something of which China was accused in late 2009 during the Climate Change Conference in Copenhagen. In January

2010 Beijing responded harshly when America sent arms to Taiwan. In February there were protests against the Dalai Lama's visits to the West, in March a debate arose about new Chinese claims in the South China Sea, and so it went on. Furthermore, China is still unwilling to revalue the renminbi, which would improve the United States' competitive position vis-à-vis China. The Chinese leaders are able to act this way because they are in an increasingly powerful position. In March 2009, the head of the People's Bank of China suggested that a new currency, created by the IMF, should replace the dollar as the world's reserve currency. Although the dollar's position as the world's most important reserve currency is secure for now, China's encouragement of the discussion is very revealing. In 2011 China increasingly strove to achieve a better balance between the euro and the dollar, and thus kept a close eye on the crisis that initially brought Greece to the edge of bankruptcy. Moreover, concessions can be forced in exchange for investments in fora such as the G20. In this forum, China attempts to avoid discussions about the value of the renminbi as far as possible.

A rising China can therefore make demands of the West. This also results in struggles for power over the ramifications of China's policy in Western countries. One good example of this is the arms embargo that was imposed after the events in Tiananmen Square. On 4 June 1989, the authorities quashed a protest in which an estimated one million students and citizens were participating, whereby 3,000 people died. It was the largest pro-democracy protest against the Communist Party of China. At that time, China was a weak state and still at the beginning of its rapid growth curve. Since then, however, the country has developed into the world's second economy and the sanctions are

proving an ever-greater source of frustration. In 2012 China therefore asked why the Chinese government and Chinese companies should help the European Union to solve the euro crisis. In the end they did so, driven by self-interest.

China is also increasingly able to take a stand on normative issues, however. China rejects a number of fundamental Western concepts, such as human rights, democracy, humanitarian intervention, transparency and individualism, or interprets them differently. Universal human rights, for example, are not seen as universal in a country such as China. China has a collective culture, in which the interest of the group precedes the interest of the individual. Due to its increasing power, China can interpret human rights issues as it pleases. A small group of dissidents continues to protest in China, of course, and Western leaders have not yet tired of emphasizing the importance of human rights. But if the power of the West falters and pressure for change does not emerge from within, the Chinese authorities will be able to push through their vision with little opposition. Moreover, violation of one of the 'cardinal principles' formulated under Xiaoping in 1979 constitutes grounds for arrest. The idea is that one should stay loyal to the socialist path and submit to the democratic dictatorship of the proletariat, the Communist leadership, and the ideas of Mao Zedong and Marxism-Leninism. Despite the fact that these principles are now interpreted in a less ideological way, the principle of the leadership of the Communist Party remains undisputed.

As a result of its economic successes, China's soft power has also increased. China can now present the Beijing Consensus with great conviction as a challenger to the neoliberal order of the Washington Consensus. China has been promoting the Beijing Consensus since 2004 as an alternative model of development, based on autocracy and state

capitalism. In line with this, unlike the West, China does not attach any conditions relating to human rights, good governance, democracy, accountability, fighting corruption and environmental standards to its commercial dealings in other countries. In this model, Western values are replaced by Confucian values such as harmony, union, co-existence and shared prosperity.¹⁵¹ Various emerging countries, even those in Europe, are attracted by this growth model. The Prime Minister of Hungary, Victor Orbán, has been more explicit than any other European leader on this point. He has argued that Hungary should no longer be a traditional constitutional state, but an autocracy based on the Chinese, Russian or Turkish model. Traditional liberal democracies, in Orbán's view, will no longer be able to generate prosperity in the new era.¹⁵²

Under President Xi Jinping, China has to strengthen its global position further by undergoing a 'rejuvenation cure'. Xi came to power in 2013, when the country was at sea politically. Corruption was a growing problem within the party, there was no alternative to the spent Communist ideology and there was increasing social unrest. Xi's aim was to prevent over-orientation towards Western political and economic ideas from ultimately undermining the Chinese state. In order to prevent this, he centralized power, strengthened his grip on the party and launched an anti-corruption campaign. He simultaneously reformed the economy by putting greater emphasis on innovation, production, consumption and room for private enterprise. Xi also took a tougher approach to dissident opinion, for example on the Internet. To benefit foreign policy, he strengthened his grip on the army and made more funding available. He launched his plan for the 'silk routes'. As well as stimulating the Chinese economy, this was intended as

a geopolitical project, particularly as a counterweight to American initiatives such as the Trans-Pacific Partnership (TTP), which focuses on economic cooperation with Asia while excluding China. In addition, Xi devoted himself to the development of the BRICS development bank, an Asian Infrastructure Investment Bank (AIIB) and a new Asiatic security structure that excluded the United States.¹⁵³

Despite this, it is in China's own interest to maintain good relations with the West. Europe, as a large market with huge purchasing power, is essential for the Chinese economy. We have already mentioned Chinese investment and acquisitions in Europe. These have unquestionably had the effect of undermining European unity, but of course they also bring advantages. For example, Rotterdam and Shanghai are working together closely in the areas of healthcare, security and education. The way in which China is investing, however, is indicative of a strategic agenda: it is promoting its own industry by gaining access to European technology and achieving a defining influence on the flow of goods to and from China. In the short term, this development is leading to mutual dependence. In the longer term, it may undermine the European economy if there is too great a transfer of technology and knowledge. Moreover, power politics plays an important role here: increasing dependence on China is narrowing the scope of the European Union's foreign and security policy. The real geopolitical struggle is thus not taking place between Europe and China, but between the United States and China.

11. Power politics in Asia

In 2011 Hillary Clinton, then the American Secretary of State, wrote a controversial article in *Foreign Policy* in which she announced that Washington would be focusing its foreign and defence policy more on Asia. The American 'pivot', or rebalancing, had been prompted not only by an increasingly strong China, but also by the need to cut the American defence budget due to the economic crisis. In August 2011 President Obama and Congress agreed to a 500-billion dollar reduction of the defence budget over the following ten years. Bases were closed, troops were pulled out of Europe, and ordnance and weapons projects were cancelled. For the first time since the Second World War, the United States was retracting and focusing its remaining military capabilities on the region where its geopolitical interests were most at risk. As a result, for the first time in history Europe was no longer the defining factor in American foreign policy. Also under Obama, the United States put less emphasis on military power and more on diplomacy for the first time.¹⁵⁴

Despite this, China saw the rebalancing as a threat. This was logical, because concentrating increasingly scarce resources automatically results in this perception. The Switzerland-based professor of international history, Lanxin Xiang, has questioned why a country that is so heavily indebted and so financially interwoven with China would want to quarrel with that country. Other academics have even speculated whether America is aiming for a military confrontation, so as to let the country go bankrupt and become independent from a much weaker China.¹⁵⁵ Kai Liao of the Institute for Strategic and Defence Studies in Beijing has concluded that in China, the American discussion

about the 'pivot' or rebalancing is seen as an attempt to contain Chinese power. He bases his argument on numerous American government documents that back up his view of this strategic aim. According to him, this strategy was first formally introduced in the 2001 *Quadrennial Defense Review*. In his view, America's policy on China was based on a strategy of 'dissuasion, deterrence and defeat'. According to Kai Liao, the first shift in power to China's benefit was already visible at the beginning of the 1990s.¹⁵⁶

Despite the American change of course, China's leaders have no choice but to accept American hegemony, but they do question its legitimacy. This explains why China is constantly provoking the Americans and explains China's rhetoric when, in Beijing's view, America oversteps the mark. As argued above, Beijing is following a strategy whereby it does not question the current world order, but participates in it and thereby influences it. At the same time, China is attempting to magnify its political role by rejecting American unilateralism and promoting multilateralism, by playing an active role in new international organizations, by exercising more influence on the agendas of existing organizations and, when necessary, by voting against the United States in them if this serves Chinese interests, and by pursuing a policy of soft power in relation to developing countries. This is a rational strategy, because China cannot yet take a truly hard line vis-à-vis the United States, and the Americans are not excluding the Chinese, but are actually trying to make them part of the international order.¹⁵⁷ China itself shows no intention of controlling the world order and exporting Beijing's vision of autocracy and state capitalism in the way that the United States did with its conceptions of freedom, democracy and free-market thinking. For the time being, China is a

regional power that wants to magnify its influence close to home.

One important reason for Chinese concern is that at the same time as the rebalancing, the United States launched a new defence concept, the 'AirSea Battle'. This was the American response to the deployment of China's navy further and further from home and China's development of Anti-Access/Area Denial (A2/AD) capability. This could be used effectively to deny the United States access to the South China Sea, for example. The greatest concern is the DF-21D, the first ballistic anti-ship missile. This missile could cause an American aircraft carrier to sink with one hit. In order to reduce its vulnerability to Chinese attacks, the United States put greater emphasis on long-range bombers, better protection of its bases in the Pacific and spreading military capabilities over a larger area. The Prompt Global Strike concept should also be seen in this context. In addition, ties were strengthened with existing allies and more intensive relations were developed with other countries. In 2010 the United States agreed to a 'comprehensive partnership' with Indonesia that focused on cooperation in a range of areas, from public health to the economy. In 2012 a free trade agreement came into effect between the United States and South Korea. In the same year the United States also accelerated the negotiations on the Trans-Pacific Partnership, which should lead to a US-dominated free trade zone in the region around the Pacific.

Australia also became more important as an ally. In 2013 the Australian government invested millions in barracks for 2,500 American marines. These were initially meant as a training facility, but a complete marine task force should ultimately be established in Australia. In 2014 the United States and the Philippines agreed an Enhanced Defence

Cooperation Agreement, which provided for cooperation on defence so as to be able jointly to withstand an armed attack on their interests. For this purpose, the two countries will cooperate to improve defensive capabilities and the United States has been invited to station troops in the Philippines. Moreover, the Americans have been granted permission to use bases belonging to the Philippines to store advanced equipment. Annual political consultations are held with Vietnam on defence issues, and cooperation with India has intensified since the signing of the New Framework for Defence Cooperation in 2005. Indeed, the relationship with the United States is becoming stronger because of China. India now holds joint exercises with America more often than any other country, the two countries hold frequent consultations on defence and security, and sales of American defence equipment have risen from nothing in 2008 to 8 billion dollars in 2013.

From a geopolitical perspective, the security cooperation between the United States and India is the most interesting, because India and China are each other's opponents. For centuries, India focused on its domestic affairs and the country pursued a relatively unassertive foreign policy. In the 1950s there was a certain degree of friendship and ideological solidarity between India and China, but this disappeared after a border conflict in 1962. The Chinese-Indian 'Cold War' that subsequently broke out lasted until well into the 1970s. India used the Chinese threat to justify its nuclear tests in 1998. A key factor here is the new Cold Start defence doctrine, adopted in 2004. The doctrine provided for a more offensive strategy in India's foreign and defence policy. This new assertiveness had less to do with India's arch-enemy Pakistan and the conflict over Kashmir than with China. India began to transform its army into a fighting force that

could be mobilized and deployed rapidly. The construction of Chinese military facilities in Pakistan, Sri Lanka, Bangladesh, Myanmar and islands in the Gulf of Bengal, among other places, caused India to accelerate the build-up of its navy. This led to the largest naval building programme in the world, while in 2011 India became the world's largest arms importer. In the coming two decades, India will build 103 naval ships at a cost of 45 billion dollars. India now has two aircraft carriers and a nuclear submarine. In the same period, China will invest 25 billion dollars in 135 ships. The two countries' strategic aims are the same: maintaining access to raw materials and protecting shipping routes.

According to Jin Canrong of China's Renmin University, the consequence of America's new policy will be an intensification of the confrontation between China and neighbouring countries Japan and India, for this is the consequence of America's search for a new balance of power in Asia. Canrong also sees American efforts to weaken ties with traditional Chinese allies such as Myanmar and North Korea in this light. Finally, Canrong argues that the Americans are intervening in disputes in the South China Sea in order to hinder the deployment of the Chinese navy elsewhere, for example in the Indian Ocean.¹⁵⁸

It is clear that the rise of China is leading to a new geopolitical game in the Far East. Strikingly, China has always rejected alliances with other countries. For example, China limited itself to a free trade agreement with ASEAN, but did not join the organization. Some Chinese academics, such as Yan Xuetong of Tsinghua University, have argued that China should abandon the politics of non-alignment and that it would actually be in China's interest to form alliances.¹⁵⁹ This is due, of course, to the geopolitical changes that are taking place. Indeed, failing to enter into formal

alliances with other countries is a point of weakness for China, undermining an effective power politics against the United States. Furthermore, the ongoing conflicts with the countries around the South China Sea are driving these countries into the arms of the Americans.

The relationship between China and Japan is perhaps the most tense. After the Second World War, Japan was forbidden to develop full-scale armed forces, with the exception of a small self-defence force. But in 1990 Japan began a gradual normalization of its foreign and defence policy. This means that the country is striving for a full military of its own, recognition of its right to engage in collective self-defence, and an independent foreign and defence policy. The process of normalization began when America drove Iraq out of Kuwait and Japan supported the operation financially. In 1992 a law was passed that permitted Japan to use force beyond its own borders for defensive purposes. Japanese troops were subsequently deployed in peace operations in Cambodia, Mozambique, Rwanda and East Timor.¹⁶⁰ The process accelerated rapidly with the victory of the Liberal Democratic Party in elections in 2012, bringing Prime Minister Shinzo Abe to power. Abe, who is seen as a centre-right politician, supported the abolition of the system that had arisen after the Second World War. For this purpose, he introduced a law that established conditions for a referendum on the Japanese pacifistic constitution. Abe's election was a reaction to rising Chinese nationalism and the feeling that China and North Korea posed an increasing threat to Japanese security. The Chinese deployment around the Senkaku/Diaoyutai Islands – to which we will return – and the ongoing modernization of the Chinese fleet subsequently put wind in Abe's sails. For the first time in ten years there was a rise in the Japanese national

defence budget, with an eye to defence of the uninhabited islands and America's request that Japan do more for its own defence. The new Japanese defence strategy, which was presented in December 2013, made it clear that the most important threat was China – although relations with South Korea were also bad, due to differing interpretations of Japan's wartime past and territorial claims. Protecting the East China Sea became a priority. This required new investment in amphibious armed forces and the navy. Moreover, Prime Minister Abe wanted to replace Article 9 of the constitution, which forbids the offensive deployment of military power for the purpose of collective self-defence, thereby limiting the development of the armed forces. This constitutional change was adopted on 1 July 2014, whereby Japan gradually abandoned its policy of restraint and pacifism in response to increasing Chinese assertiveness. The rise in the defence budget forms part of this.

The question is how China will respond to this, if at all; it does not have to come to that. China is primarily concerned with its own development. The President of the Asian Development Bank, Haruhiko Kuroda, has argued that Asian countries have not opted for a top-down, ideologically motivated path towards greater integration, like that in Europe. The Asian alternative is a pragmatic model of growth, in which regional cooperation is being strengthened step-by-step. In Kuroda's view, this development model is one that goes beyond China. Second, the Chinese think, much more so than Westerners, in terms of power for the purposes of long-term change,¹⁶¹ something that is known as *shi*. The Chinese level of self-awareness is also high. Their idea of national identity is strongly determined by the fact that China has a long history of Western oppression. The country only regained its self-determination when the Communists

came to power. China's rise as a global player has thus been under way for less than two decades. Finally, the Chinese are strong in strategic thinking, based on long-term aims and established principles.

However, there are scenarios for a conflict between China and the United States. According to Michael Pillsbury of the American Hudson Institute, Chinese thought on security is dominated by 'sixteen fears', including the fear of a naval blockade (which would be easy to enforce due to the large number of islands in the South China Sea), the fear of a blockade of trade routes and pipelines, the fear of cyber-attacks and attacks on Chinese satellites, and so forth.¹⁶² A study by the Rand Corporation identified numerous potential causes of war: chaos in North Korea, whereby China and South Korea, and thereby also the United States, would become involved in the conflict; a conflict over America's ally, Taiwan, which China considers to be part of the People's Republic; an attack or conflict in space if one of the two parties, for example, were to destroy the other's satellite; a conflict in the South China Sea, where China has territorial claims and disputes with almost all of its neighbours; a conflict with Japan over the status of the Senkaku Islands in the East China Sea, for example; or a conflict with India, with which China still has border conflicts.¹⁶³ Other authors add that precisely because it is unclear why war might break out, it is also unclear for both countries as to how far they can take a dispute before war actually breaks out. This mutual insecurity has a destabilizing effect in itself. One genuine problem with this is that despite the existence of a hotline between the two capitals, there are doubts as to whether it works effectively.¹⁶⁴

Taiwan continues to be one of the most important potential causes of conflict. China argues that reunification

of the island with the mainland is the only option. Opposed to this is the policy of the current Taiwanese President, Ma Ying-Jeou, which is based on 'three no's': no reunification, no division and no military intervention. The great majority of the Taiwanese support this vision, despite the fact that relations between the People's Republic of China and the Republic of China, as Taiwan is officially known, have improved. The build-up of the Chinese People's Liberation Army is a source of concern for the island's authorities, all the more so because due to the build-up of Chinese A2/AD capabilities, doubts have emerged about American security guarantees, as expressed in the Taiwan Relations Act of 1979. This act commits the United States to providing a vaguely expressed form of military assistance in the case that Taiwan is attacked. These doubts were strengthened by the United States' hesitation to sell Taiwan aircraft containing the latest technology.

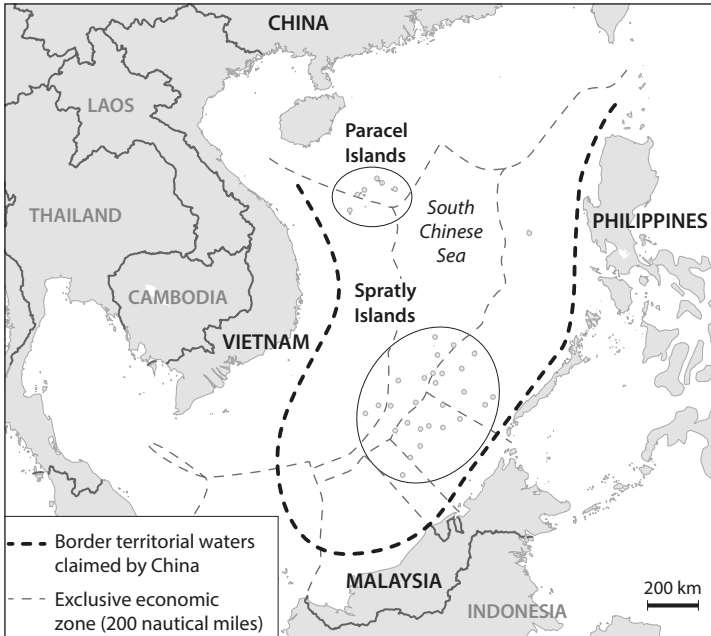
The ongoing disputes between China and the countries surrounding the South and East China Seas, however, are giving rise to the most concern. The skirmishes in the South China Sea are caused by the presence of large oil and gas reserves and rich fishing grounds. It is thought that the region contains as much oil as in Saudi Arabia and enough gas to supply China for 400 years. China's claims go back to the 13th century and were set out in the 'nine-dash line' map of 1920.

This map shows that whilst China actually lays claim to the whole of the South China Sea, the situation in practice is very different. The Paracel Islands are occupied by China, but this is disputed by Vietnam and Taiwan. Whilst the Pratas Islands are occupied by Taiwan, they are claimed by China. All of the Spratly Islands are claimed by China, but are occupied by the Philippines, Malaysia, Taiwan,

Vietnam and by China itself. The Macclesfield Bank and the Scarborough Reef are claimed by Taiwan, China and the Philippines.

The whole maritime region is crucial for world trade. Each year, more than half of the world's shipping tonnage passes through the area, and a third of all shipping traffic. In total, 5,300 billion dollars worth of trade goes through the region each year. Eighty per cent of Chinese, 66 per cent of South Korean and 60 per cent of Japanese and Taiwanese energy imports pass through the region.¹⁶⁵ One problem is that due to all the small islands, reefs and shallows, and the great variety of territorial claims, the South China Sea lacks an easily defined EEZ, as established by UNCLOS. These zones determine whether countries have the right to extract raw materials. Other countries are primarily concerned about their freedom to operate ships in the region. On this point, the United States has appealed to Article 58 of the UNCLOS treaty, which holds that third countries have the right to operate ships and aircraft freely and may even carry out military observation missions. China, however, believes that military activities may only take place after the permission of the country to which the EEZ belongs has been gained.

Further to the north, there are ongoing problems between China and Japan over a few uninhabited islands in the East China Sea, which according to Japan are called the Senkaku Islands and according to China, the Diaoyutai Islands. Both countries claim the islands and the surrounding areas of sea on the basis of historical developments. Japan claims to be the rightful owner, whereas China argues that the islands were 'stolen unlawfully' at the end of the 19th century and remained in Japanese hands after the country struck 'back-room deals' with the Americans. China's claims do indeed



18. Claims in the South China Sea.

date back to the 14th century, but the regime in Beijing did not make an issue of the islands for centuries. Only since oil was found in 1968 has the dispute has flared up intermittently. Viewed in this way, the dispute over the Senkaku/Diaoyutai Islands is not an indication of increasing Chinese assertiveness or aggression. The same is true of the ongoing problems with Taiwan and the islands in the South China Sea. China has been emphasizing its claims in these regions since 1949. According to the Law of the Sea, China is allowed to exploit the gas supplies on the Asian continental plate. The Senkaku/Diaoyutai Islands indeed form part of this, but the Law of the Sea also determines that Japan has rights within the EEZ, which extends to 200 km to the west of the

islands. Why there is such a deep-rooted disagreement is self-evident.

The situation got out of hand in September 2010 after a collision between a Chinese fishing boat and two Japanese patrol boats. Diplomatic feelings ran so high that a temporary halt was called to exports of rare earth metals from China to Japan. This hit production of the Toyota Prius, for example, which needs neodymium for the magnets in its electric motors, among other things. Fearful of public anger, Nissan, Toyota, Honda and a few other Japanese companies temporarily closed their factories in China. Indeed, it is the mutual trade interests between the two countries that seem to be putting the brakes on further escalation, but the Chinese government will have to be able to keep its disgruntled citizens in check.

A new low-point came in September 2012, when the Japanese Prime Minister Noda decided to annex the uninhabited islands, which until then had been private property. All of the parties involved subsequently sent fighter aircraft to the region. The conflict escalated further in November 2013, when China created an East China Sea Air Defence Identification zone. According to Beijing, any aircraft that wanted to cross this zone, which contained the islands, had to report its intentions and present a flight plan. *The Economist* speculated that China and Japan were sliding into war.¹⁶⁶ A few days after the announcement of the zone, though, the United States flew a few B52 bombers through the area without provoking any response from the Chinese.

Relations with Vietnam also frequently run into difficulties. In 1974 China took the Paracel Islands from Vietnam, whereby 70 Vietnamese died. In 1988 the two countries became embroiled in a naval battle for the control of the Johnson South Reef, part of the Spratly Islands. Sixty Vietnamese were killed

in the process. In May 2014 there was another confrontation between China and Vietnam, this time over Chinese drilling for oil in the area of the South China Sea claimed by Vietnam. This resulted in protests, which were initially orchestrated but later got out of hand, at the Chinese Embassy in Hanoi and by Vietnamese employees at a branch of Formosa Plastics in the Vietnamese province of Ha Than – which, ironically enough, was owned by a Taiwanese. Twenty died in the riots involving Chinese and Vietnamese employees.

There are also problems between China and the Philippines. In 2012 matters got out of hand during a confrontation between a Philippine warship and eight Chinese fishing boats. The Philippine authorities argued that the fishing vessels were transporting large quantities of illegal coral and fish. The situation spiralled out of control when Chinese patrol ships attempted to prevent the arrest of the fishermen. What was really at stake was control over the islands, which were claimed by both countries. The incident resulted in a riot, which led to a trade boycott of bananas from the Philippines by China. Moreover, the Philippines and the United States started military exercises, after which China argued that the Philippines were active in the region with the support of the United States. In 2014 the Philippine Minister of Foreign Affairs, Del Rosario, reported that China was constructing a landing strip on the Johnson Reef. Shortly afterwards, the United States and the Philippines signed a military agreement giving the Americans access to military bases for ten years and the right to station warships, fighter planes and soldiers.

China's leaders need military power in order to pursue power politics. The major breakthrough in the country's modernization programme came in 2010, when both the northern and the southern fleet conducted exercises beyond

the first chain of islands. This chain of islands runs from the Aleutian Islands via the Kuril Islands, the Japanese Islands, the Ryukyu Islands, Taiwan and the Philippines to Borneo. In April of the same year, Vice-admiral Zhang Huachen, the deputy commander of the East Sea Fleet, confirmed that China was engaged in a shift from coastal defence to long-distance operations. The decision to deploy warships beyond territorial waters for the first time in 600 years also formed part of this shift. They were used against pirates off the coast of Somalia.

The first phase of the modernization programme was finished in 2000 and focused on the development of a fleet with which China could monitor nearby seas, such as the Yellow Sea, the East China Sea and the South China Sea; in other words, the region within the first chain of islands. The second phase of the modernization programme focused on the maritime regions within the two chains of islands that run from the Bonin Islands in the north, via the Mariana Islands and Guam, to the Caroline Islands. This phase should eventually be completed in 2025. The Chinese navy is thereby proceeding stepwise from 'sea control' (protection of its coastal waters) to 'sea denial' (denial of access to the maritime regions close to China), to a navy that can be deployed globally in 2050. The development of aircraft carriers, such as the *Liaoning*, which was brought into service in 2012 (although without aircraft), also forms part of this. The Chinese defence memorandum of 2013 is clear about the purpose of these modernization programmes. China is being integrated into the global economic system, whereby overseas interests are becoming part of the Chinese national interest. According to the memorandum, this means that issues such as energy and raw materials and maritime supply lines are becoming increasingly important.

It is these developments that are giving rise to concerns in the United States and countries in the region, and causing the jostling for a new balance of power. The fact that China is developing capabilities to defend its interests worldwide feeds the perception that Chinese foreign policy is changing. It is precisely this perception that is fuelling the American and Asian response.

For the most part, the developments in Asia are passing the Europeans by. In contrast to the United States, Europe has no integrated vision on how to deal with the rising power of Asia. Europe has bilateral trade relations with Asian countries, but it is not taking part in region-wide economic initiatives such as the Asia-Pacific Economic Cooperation (APAC). The trade negotiations on a free trade agreement with ASEAN have also been suspended.

In short, Chinese policymakers are pragmatic Realists with a long-term agenda based on self-awareness, self-interest and power. This stance makes them well equipped to carve out a place for China in the new world order, something with which Western democracies will have great difficulty.

12. Conclusion: a stable or unstable world?

In this concluding chapter, we reflect on the past and look to the future. An important conclusion is that most Western politicians are being guided by the normative principles of the Liberal school and neglecting the fundamental power-political principles of the Realist school. The result is a poor analysis of international relations, failed thinking on power, inconsistent, short-term thinking, and little self-reflection. This is the product of centuries of global domination in the absence of any real challenges. What this might lead to is indicated by the cases in which Russia and China are playing major roles. The leaders of these countries do think and act in line with the power-political principles of the Realist school. The consequence is that Western leaders are judging the actions of their Russian and Chinese colleagues on moral grounds, while European leaders in particular no longer have the resources to translate their moral outrage into action. This is a problem in a world whose nature is changing fundamentally.

The most important policy document on American defence, the 2012 *Quadrennial Defense Review*, explicitly defines emerging powers, and China in particular, as countries that co-define the form and organization of the international system. Like the abovementioned *Global Trends 2030* study by the joint American intelligence services, the document concludes that the United States will remain the most important player, but that it must increasingly work with key allies in order to guarantee peace and security. The United States must also have the capability to deter

countries or contain aggression in key regions where there are 'anti-access environments'. This mainly refers to the South China Sea and the Persian Gulf. The concept of the AirSea Battle was developed in the context of the 'pivot', or process of rebalancing, and in response to these 'anti-access environments'. The *Quadrennial Defense Review* marked a change of course away from the large-scale deployment of anti-terror and stabilization operations in countries such as Afghanistan and Iraq, towards more traditional warfare directed against emerging powers that might be able to challenge the United States.¹⁶⁷ Europe has barely picked up on these discussions.

What is certain is that emerging countries want to assert themselves. This means that self-image will play an increasingly important role in geopolitics; in other words, in a multipolar world, visions of cultural excellence become more important. Such visions are linked to the rise of nationalism. Nationalism is a powerful weapon for getting a population behind its leaders, and adds to the dynamism of a society if the feeling arises that the culture in question is superior to others. A PEW Research study of 2003 concluded that despite globalization, nationalism remains a powerful ideology. In many countries, people think that their culture is superior to others',¹⁶⁸ and strikingly, this is mainly the feeling in developing countries. Among the developed countries, the United States in particular believes that American culture is superior to other cultures. In the second decade of the 21st century, these notions have only become stronger. If people are convinced of the superiority of their own culture, then it is hardly surprising that many people believe that their way of life must be protected from foreign influence. Indeed, a large majority of people agreed with this notion in all of the countries researched by PEW.

This was also true of the countries that play a key role in international relations.

Feelings of superiority such as these can be dangerous if, for example, there are feelings of territorial nationalism. The PEW Research study revealed this to be a widespread phenomenon. In Asia, half of all Japanese and 79 per cent of inhabitants of the Philippines believed their country to have legitimate territorial claims. More than two-thirds of Russians thought that parts of neighbouring countries belonged to Russia. There are no indications that nationalist thinking on cultural superiority and territory has diminished in the years since the PEW Research study was carried out. On the contrary, nationalism has been a major motivating factor for the more assertive foreign policies in Russia, China, Japan, India and the countries surrounding the South China Sea. It is thus interesting to consider how emerging countries regard the West.

We observed above that not every country is able to impose its rules of the game and values on the world, or expand its sphere of influence. Countries such as the United States, Russia and China do have such options. They combine power with the idea that they are exceptional cultures with special missions in the world. Due to the rise of multipolarity, the world will therefore increasingly have to deal with the impact of conflicting value systems.

In itself, thinking in terms of value systems is nothing new. The ancient Greeks, Romans and Chinese believed themselves superior to other peoples, and this idea arose in the West during the Enlightenment. Gradually the idea of 'universal' values developed, such as humanity, democracy and social and economic progress. This thinking is deeply rooted in European culture and leads to misunderstandings and misperceptions regarding countries that have different

visions. Given the political, economic and military state of the European Union, non-Western countries see this as less and less of a threat. However, this way of thinking is spurring many non-Western countries to define themselves in opposition to the West. Alexander Lukin argues that the majority of Russians are unhappy with the fact that the West sees them as backward and reactionary.¹⁶⁹ Lukin rightly states that value systems are playing an important role in world politics. What is more, due to their growing power, the major players will increasingly be guided by their value systems. This underlines the observation made earlier that future conflicts would increasingly occur on geopolitical fault lines.

The United States is a typical example of a country whose foreign policy is guided by the idea of being 'different', a phenomenon that is known as exceptionalism. When formulating his foreign policy, George W. Bush harked back to traditional notions of the special nature of America: the American Creed or political testament. Freedom, democracy, individualism and laissez-faire were the motivating factors behind American political action and also strengthened the foundations of American exceptionalism. Such thinking goes back to America's roots and reflects an idealistic conception of the country's origins. Religious motives are not extraneous to this, as shown, for example, by 19th-century views on manifest destiny: the idea that Americans have a mission, that they are morally superior and that they may impose their ideals when necessary. In the 19th century, the two volumes of Alexis de Tocqueville's *De la démocratie en Amérique* also contributed to the notion that America was 'different'.

The American expert in the area of security studies, Robert Tomes, has written that in the United States the debate

about exceptionalism has gained a new momentum.¹⁷⁰ It was one of the main themes of the presidential elections of 2012. The Republican candidate, Mitt Romney, attacked the incumbent President Obama on this point: 'We have a President now who thinks America is just another nation. America is an exceptional nation.' But Obama also believes in American exceptionalism, although his version of the idea is different from Romney's. During the Syria crisis, Obama argued that the United States had functioned as the anchor of global security for seven decades and that the world was a better place as a result.¹⁷¹ In a speech at West Point, the President was clear about the importance of exceptionalism: 'I believe in American exceptionalism with every fiber of my being. But what makes us exceptional is not our ability to flout international norms and the rule of law; it is our willingness to affirm them through our actions.'¹⁷²

Many Americans believe that the United States has a God-given duty. It is known that President George W. Bush was strongly guided by his religious views. It is logical that a president who believes his country to be not just any country, but a superpower with a god-given task, would not want to become subordinate to the decisions of international organizations such as the UN, international law and treaties. Seen from this perspective, it is understandable that the United States does not wish to hand over its citizens to the International Criminal Court. Moreover, the United States does not desire any interference in its domestic affairs and sees the whole American Continent as its sphere of influence. This goes back to the Monroe Doctrine of 1823, which President Woodrow Wilson used at the beginning of the previous century to carry out interventions in the Dominican Republic (1915-1934) and Haiti (1916-1924). During

the Cold War, this doctrine was used to prevent the Soviet Union from giving support to Cuba and other countries in Central America. American exceptionalism was strengthened by the fall of the Soviet Union. US Secretary of State Madeleine Albright (1997-2001) even described the United States as 'the indispensable nation'.

A number of traditions thus arose in American foreign policy over the centuries: unilateralism and the right to act unilaterally when necessary; an instrumental view of international institutions and international law, which are only accepted if they support the interests of the United States; the right to defend interests in the Western hemisphere; a sense that the country is destined to play a defining role in the world; elements of cultural and political imperialism; the dissemination of concepts supported by the United States, such as democracy and human rights; and the containment or combating of competing ideologies or countries that could challenge the United States. For the most part, emerging countries view this as arrogant and as interference in their domestic affairs.

Just like the Chinese leadership, the Russian leader, Putin, is clinging on to traditional notions of sovereignty and non-intervention. This view is based on ideas of greatness, but until now, the two countries – unlike the United States – have largely had regional aspirations. Putin's view of domestic political order is captured in the term 'sovereign democracy'. According to this concept, developed by the Kremlin ideologue Vladislav Surkov, Russia is developing its own form of democracy, free from foreign influence and normative pressure. Moreover, President Putin is taking every opportunity to underline the unique and special nature of the Russian people. In order to emphasize patriotic feeling and typical Russian values, he declared 2014 to be the year of

culture. His efforts are supported by the Orthodox Church, which has been an important factor in growing nationalism in recent years. Patriarch Kirill I has not only been a patriarch of Putin's ideas regarding the 'Russian world' – a soft-power concept focused on the propagation of Russian culture and the Russian language and mission – but during the Ukraine crisis, Kirill also called on Ukraine to heed the countries' shared Orthodox Christian values and not to start flirting with Western Europe. However, the fear that Ukrainian believers might separate forced him to adopt a more moderate position than Putin's.

Chinese nationalism is rooted in a deep sense of humiliation, mainly at the hands of the West. The country has an aversion to everything that resembles a foreign diktat or foreign influence, as these are seen as harking back to the abovementioned Century of Humiliation. The European Council on Foreign Relations concluded that relations between the European Union and China are based on the old idea that by doing business with Europe, China will liberalize its economy, transform itself into a constitutional state and become more democratic. This assumption completely fails to take account of China's economic and political power and the fact that the country has developed in ways that are independent of Western values.¹⁷³

China's view of the West is revealed, for example, by the fact that it describes the Korean War as 'the war to resist the United States of America'. Moreover, a number of more recent incidents have convinced China that the United States is pursuing an anti-China policy, as explained above.

For the time being, it looks as though China, like Russia, will largely develop as a regional power. But China does not lack the feeling of having a mission in the world, either, as shown by the propagation of the Beijing Consensus. The

latter is seen as an attractive idea by countries that do not have deep-rooted democratic traditions. Asiatic countries such as Indonesia, Malaysia, Vietnam and South Korea have adopted elements of it, and the same is true of Brazil, Mexico, Turkey and Russia.

In the end, what might be the consequences of this combination of new power relations, shifting economic centres and the new thinking in terms of superiority? One plausible future scenario is that the world fragments along its geopolitical fault lines, and value systems and entities develop further: the European Union, China, Russia with its partners in the Eurasian Union, and the United States, possibly with its NATO allies and partners to various free trade agreements.

These developments will result in a more fragmentary political-economic structure in which no single country or region dominates the international order. Ian Bremmer and Nouriel Roubini call this a 'G-zero' world.¹⁷⁴ The term refers to declining Western power and the development of a fragmented system of new centres of power. Authors such as Moisés Naím believe that there would be no longer be any room for power politics in such a world.¹⁷⁵ Naím's argument is compelling, but it is wishful thinking. Until now, international relations have developed in accordance with Realist theories, which argue that states are the key actors in international relations and that in the end, if things do not work out, they are guided by power politics, not a supranational authority. They only want to cooperate when they face a common challenge.

Following the Realist school, we can conclude that a multipolar world would be less stable than the world that we knew until recently. In a multipolar world, misperceptions are more likely *per se*. The more players there are, the greater

chance there is of making the wrong call. One potentially dangerous aspect is that emerging countries and countries that have much to lose, believe – based on the idea of being ‘different’ – that they have right on their side, and therefore become blind to others’ motivations. This can lead to the kinds of misperceptions that have historically resulted in frequent conflicts and crises. As explained above, this phenomenon is strengthened by the observation that feelings of nationalism and superiority or exceptionalism are becoming a more important means of uniting citizens behind a more assertive foreign policy. Territorial nationalism, as explained above, is already playing a major role in Russia, China, Japan and other countries surrounding the South China Sea, such as Vietnam and the Philippines. What is more, geo-economics is becoming increasingly important, because emerging countries understand that their prosperity and security are linked to having unhindered access to scarce resources. By definition, geopolitical change produces winners and losers. If the process of geopolitical change continues – and it looks as if it will, so long as the Chinese economy does not collapse – then the world will become less Western.

Great powers rise and fall; this has been the case throughout history. The United Kingdom’s decline as a superpower had few consequences for the Western world, because the United States assumed the helm. But if the Western world as a whole becomes less important, then the consequences could be significant. One of the conclusions of this book is that a diminished West will no longer be able to shape the world order in line with its own preferences. As a result, the West will be less able to protect its interests. Declining power could therefore result in decreasing prosperity and thereby lead to social and political instability, because

free trade and access to supplies of raw materials are not defining factors for the economic growth of emerging countries alone. If free trade and access to raw materials are threatened, then action will be required; military action, if needs be. This is also the case for conflicts that threaten the stability of the Western world itself. Moreover, emerging countries' mercantilist, state-capitalistic policies demand a political and economic response from the West.

The relative decline in the West's power requires both an acceptance of the geopolitical changes that are occurring and a new burst of energy in order to adapt to the new era. The Realist school predicts that at times of great threat, countries become more supportive of greater cooperation. But for the time being, the conditions for this appear to be unfavourable. Due to the new phase that globalization has entered and the ongoing turbulence in large parts of the world, people feel that they no longer have any control over their lives. As a result, peoples are focusing more on their nations, regions or cities, populist leaders are sensing more opportunities, there is the threat of political fragmentation and polarization, fundamental principles such as democracy and the free market are being questioned, and nationalism is gaining a stronger hold. These factors will further strengthen the process of decline. For this reason, in *Foreign Affairs* the American thinker Francis Fukuyama recently described the United States as a 'land of decay and dysfunction'.¹⁷⁶ As an additional reason for this, he cited the judicialization of American society and the growing influence of lobby groups, which are causing citizens to lose their faith in government.

Despite this, we can ultimately expect awareness of these global challenges to bring about change, and active policies will be introduced to counter further decline. The

reality of international relations forces changes in policy. Historically, this has always been the case, and there is no reason to suppose that things will be any different now. What implications could this have?

First, a change in mind-set is needed. Due to these changes, people may eventually become aware that Western dominance of world politics can no longer be taken for granted, and a change of course is essential in order to be able to respond to the geopolitical changes outlined in this book; what Joseph Nye calls the diffusion of power and the erosion of high politics. Western countries will then have to prioritize pragmatic diplomatic relations with emerging countries, including China and Russia; they will have to take more account of the interests of these countries; and they will have to show greater readiness to find compromises that these countries can also accept. There must also be greater awareness that international relations is becoming less and less about being right, and more about searching for overlapping interests, such as the fight against international terrorism. If this does not happen, then the world will rapidly become more insecure.

A change in mind-set also implies that Western policy becomes less normative, and that political leaders show more restraint regarding interventions with humanitarian objectives. Interventions will then increasingly be limited to protecting overlapping Western interests. Moreover, when undertaking interventions, greater account will be taken of the fact that regime change can lead to a power vacuum, allowing groups to seize power in a country and causing the whole country to sink into chaos, eroding global stability in the process.

In order to achieve a change of mind-set, it is of the utmost importance that Western countries first overcome

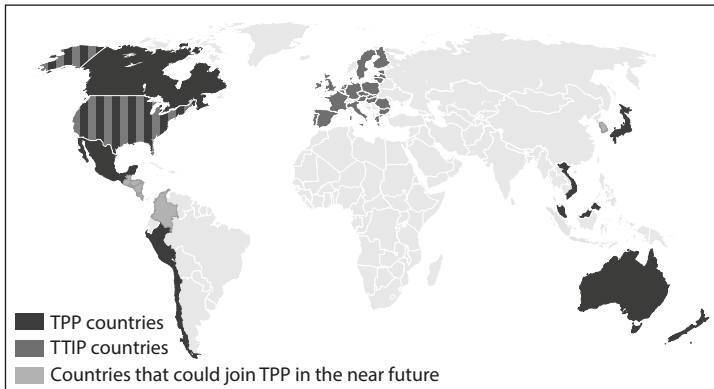
their own internal political polarization. To a major extent, this polarization is the result of the insecurities that accompany the current phase of globalization. But polarization hampers the implementation of an effective foreign policy and the flexibility that is needed to break through the economic stagnation. The latter will require a new economic growth model. For the European Union, this means its members must strive for greater political unity and that more measures are taken to equip the Union and the euro for the future. Specifically, this means taking steps in the direction of political union, and that the individual countries determine how they are going to make their way in a rapidly changing world. If such steps are not taken, then the European Union will not be able to develop into a geopolitical player and the relative power of its individual member states will decline further. Even important countries such as Germany, France and the United Kingdom are individually not powerful enough to be able to make a difference at the geopolitical level.

Second, the reality of international relations requires closer Western cooperation in the area of security and defence. Atlantic military cooperation takes place in NATO, but NATO is being eroded due to European countries' neglect of its hard power. Countries should thus re-invest in this hard power. In order to do so, the European Union will also have to make its foreign and security policy more effective, and it will have to give more prominence to hard power. In the end, this may even lead to calls for a European army and a far-reaching surrender of national sovereignty in order to break the cycle of defence cuts. The Ukraine crisis has been a wake-up call in this respect. This adjustment of current policy is also essential because the West must devise a joint response to hybrid warfare. This means that

the West must devise an integrated and joint response to aggression, through a combination of diplomatic, economic and – if necessary – military means. This will require far-reaching Western rapport between NATO and the European Union. Moreover, closer cooperation on defence is essential, because geo-economics has become a dominant theme in international relations.

Finally, the new reality requires new forms of geopolitical cooperation, the contours of which are already visible. On 13 February 2013 negotiations started between the United States and the European Union on a Transatlantic Trade and Investment Partnership (TTIP). The objective of this agreement is to improve access to each other's markets by reducing or abolishing tariffs and removing obstacles such as differences in standards and rules. A second agreement, the Trans-Pacific Partnership (TPP), aims to create a free-trade zone covering the United States, Canada, Australia, Brunei, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam, Japan, and possibly South Korea. Together these countries account for 40 per cent of the world's GDP and 26 per cent of global trade. These free trade zones are important geopolitical projects that are being driven by power politics, and in both blocs the United States is playing the leading role. This is already the case with the North American Free Trade Association with Mexico and Canada. However rapidly China may grow, it will never be able to match the collective economic power of these blocs.

The response from other countries was not long in coming. In response to the TPP and TTIP, the Chinese President Xi Jinping proposed the AIIB and a free-trade zone for the Asiatic states in the Eastern Pacific (the Free Trade Area of the Asian Pacific, FTAAP). His idea for new 'silk routes' can also be seen in this geopolitical context. One unforeseen



19. The new trading blocs.

consequence of Western sanctions is that Russia has put greater effort into the development of a Eurasian Union, and together with China is investing more in the institutionalization of BRICS cooperation. In 2003 a forum had already been set up for dialogue between India, Brazil and South Africa (IBSA), with the aim of countering marginalization by the West. The formation of blocs appears to be a defining feature of the new geopolitical reality. This need not be a problem, so long as the organizations in which all countries are represented, such as the UN, are strengthened.

If we accept that flexibility and international cooperation based on power politics are essential for maintaining prosperity and stability, then the relative decline of the West need not presage a doomsday scenario. There remains the question of whether the new power politics will lead a new Cold War. For the most part, the comparison with the Cold War falls short. The Cold War was a struggle between two ideologically distinct blocs, between whom compromise was impossible and that threatened each other with total destruction if the conflict were to get out

of hand. The balance of terror ensured a relatively stable situation, because neither the Americans nor the Russians wanted to risk destruction. An important lesson learned at the time was that power politics is a matter of deterrence and détente. The threat of an all-destructive nuclear war forced countries to adopt policies whereby their opponent was never driven too far into a corner. This lesson appears to have been forgotten, as shown by the escalation of the conflict over Ukraine in 2014. First, Russia's President mentioned the possibility of using nuclear weapons on numerous occasions. In a television documentary in March 2015, the President said that during the Russian military's annexation seizure of Crimea, he was willing to put nuclear forces on alert. Second, during the abovementioned manoeuvres of NATO's Very High Readiness Force and the pre-positioning of equipment in response to Russian manoeuvres near the Baltic States, President Putin announced that he would add 40 new intercontinental ballistic missiles to Russia's inventory. The announcement was nothing new, but the new announcement was considered dangerous nuclear sabre rattling during an escalating crisis. The escalation of tensions reminded of the 1983 NATO exercise Able Archer 83, which simulated a period of conflict escalation, culminating in a nuclear attack. The realistic nature of the exercise, which coincided with deteriorating relations between Russia and the West, led Russia believe that nuclear war was imminent. In response, the Russians put their nuclear forces under alert. The exercises demonstrated that misperceptions about each other intentions could lead to war. As a matter of fact, historians believed that in 1983 the world has come closest to nuclear war since the Cuban Missile Crisis of 1962.

Every escalation of a conflict that is in itself insignificant between the West, Russia and China is dangerous, because

all of these parties still maintain large arsenals of nuclear weapons. In Europe, experts feared that the threat of the use of nuclear weapons would become more real if Russian-speakers in the Baltic States were to rebel, as they had done in Ukraine, and their efforts were openly supported by Russia, or if NATO were to become militarily involved in the conflict in Ukraine. In contrast to the West, Russia has a large number of short-range and mid-range nuclear weapons, which could create the temptation to threaten to use nuclear weapons at an earlier stage. In Asia, a Chinese attack on American air carriers would undoubtedly lead to an American nuclear retaliation.

It is certain that that due to the ongoing crises in Ukraine and the South China Sea, the relations between East and West appear to be changing fundamentally. In Europe, the Ukraine crisis appears to have brought an end to the order that was established by the Charter of Paris of 1990. A new division appears to be emerging, in which spheres of influence are once again playing a major role. This development comes at a moment when, due to the changing generations, there are very few Western politicians who understand this geopolitical game and can play it convincingly – just like at the beginning of the Cold War. It should come as no surprise that the greatest crises between East and West occurred at the beginning of the Cold War, such as the Berlin Crisis of 1948-1949 and the Cuban Missile Crisis of 1962. These crises gave the two sides insights into each other's intentions and into the process of action and reaction, and into the consequences of misreading each other's intentions and of misperceptions.

Taking overly large risks as a result of ignorance and inexperience was a problem at that time, and is a problem again today. The Ukraine crisis shows that today's leaders,

just like at the beginning of the Cold War, see the conflict as being caused by actions of the opponent alone. Very few leaders appear to understand the phenomenon of action and reaction, which was the actual reason for the crisis. The crisis caused the West to impose increasingly strict sanctions, whereas Putin – given his domestic support, the fact that Russian-speakers were under threat and in view of the deep-rooted Russian aversion to Western policy in the preceding decades – had little scope for action. This had an impact on the security situation in Central and Eastern European countries, and particularly that in the Baltic States, where Russian-speakers are also under pressure.

The American political scientist Robert Legvold has argued that the crises in Ukraine and the South and East China Seas are forcing us to revisit the lessons of the Cold War.¹⁷⁷ We should start by realizing that during the Cold War, it was already the case that differences between countries could lead to conflicts with dynamics that could no longer be kept in check. Realizing this means recognizing that transitional phases in international relations are unstable by definition, and that they therefore bring risks. The lessons of that time that need to be re-applied are simple, but they do require a change in the mind-set outlined above. First, distrust is often the consequence of distorted perceptions of each other's intentions. Misperceptions can be extremely dangerous and can lead to faulty conclusions. It is thus essential to understand where the other is coming from. Second, it is not the actions of one party, but the process of action-reaction, that leads to crises. The cycle of action-reaction must be avoided by moderating one's own position and by offering one's opponent a solution. Third, it is crucial that rather than trying to force one's opponent to change their ideas – for this will not happen – attempts

are made to influence the opponent's choices. This means that we also need to revisit all the old concepts of coercion or coercive diplomacy. Fourth, mechanisms for managing conflict, such as the OSCE's confidence-building measures and the NATO-Russian Council, should be taken seriously.

The great difference between now and the time of the Cold War is not that there are opposing power blocs with irreconcilable ideological differences, but that spheres of influence and geopolitical fault lines are defining the world order to a major extent and will be responsible for future crises. In the end, however, the great powers need one another in order to tackle the burning issues that could erode the security of the whole world, ranging from the ongoing conflicts in the Middle East to instability on the Korean Peninsula, and from climate change to access to scarce raw materials. If the great powers are able to work together, then crises will still occur in future, but they will develop in a much more controlled fashion.

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