EU must get its act together amidst Trump's wrecking of the global order



Comment





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The US President gave a Christmas surprise that caught its allies off-guard. Mr. Trump's U-turn not only included pulling out of from Syria, but also withdrawing half of its troops from Afghanistan, moves which have prompted his Defence Secretary James Mattis to resign. In addition, he provoked worldwide market panic by suggestions he'd like to fire the Federal Reserve's President, amidst a government "shutdown", that have caused serious uncertainty over the world's most important economy and currency. All this suggests a gloomy outlook for the West in 2019, as more political and economic trouble could be expected, and requires the EU to get its act together.

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'The US President is now in open conflict with the US Congress, the US Federal Reserve, the US Secretary of Defense, China, the EU, the World Trade Organisation and a couple of others. Otherwise it's OK.'' - Carl Bildt sarcastically tweeted on 25 December.

Comrades no longer

As mentioned by Mr. Macron "An ally should be dependable." However, Trump's actions show yet again that the US under Mr. Trump's leadership is increasingly becoming an unreliable one, especially as he had not consulted European allies, nor the Syrian Kurds that were key in fighting ISIS.

It follows a pattern of deteriorating transatlantic ties, as Mr. Trump has picked up fights with Chancellor Merkel and President Macron (amidst many other Western leaders), while also questioning NATO's raison d'être and having called Brexit a great thing. It also follows earlier rash decisions to quit the Paris Climate Agreement and the Iran Nuclear Deal, that have left its European allies perplexed. Not to mention Mr. Trump's political brawling during this year's <u>G7</u>.

Instead, Mr. Trump has chosen to please authoritarian leaders such Mr. Erdogan who

now has a free rein in taking on the Syrian Kurds, with a <u>recent military build-up</u> at its borders showing 2019 could imply more regional instability.

Political hooliganism and mercantilism

With his America First doctrine, Mr. Trump openly defies multilateralism and the liberal world order the US build post WW2. He demonstrated this with his trade wars through the many tariffs he has imposed such as on steel and his threat to pull out from the World Trade Organisation (WTO).

Mr. Trump's mercantilist behaviour shows he perceives global trade as a zero-sum game, in which one can only either benefit or lose, as shown for instance by comments German cars are "flooding" the US.

Such actions caused disarray in the economic system. His political hooliganism in suggesting firing the person leading the most important independent economic institution in his country – the Federal Reserve – does not help much either. The move sent shockwaves through the US and the world, as stock markets across the global such as in Japan plummeted as a result, showing losses last seen in the financial

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crisis. So far for the credit he <u>claimed</u> for having boosted US stock markets!

Trouble for Europe

While Euro-centric, the fact is that Mr. Trump's recent acts mean Europe will face its consequences, as more military conflict due to the power vacuum left in the Middle-East could imply trouble for the EU in the form of more migration flows.

James Mattis' reason for resigning is also worrying, given that he made clear his views do not align with those of Mr. Trump when it comes to respecting key allies and upholding alliances and partnerships.

As remainder "moderate" members of Mr. Trump's Cabinet have by now either been kicked out or resigned, he could be even less constrained in making blunt decisions in 2019, which might be an even more turbulent one for Transatlantic ties and global stability.

Particularly, he could decide to focus more on foreign policy, and continue undermining NATO, given that his room to manoeuvre in domestic policy will be constrained following the Democrats' takeover of the House of Congress in November. The declining commitment to Europe's security could also prompt the Kremlin to make another risky move in Ukraine or other parts of the former USSR. Moreover, it will continue and potentially increase election meddling, with 2019's European Parliament's elections a likely next target.

Free trade continues to be at risk as well. It remains unclear if the Juncker <u>brokered</u> trade war "ceasefire" with Trump will hold. Given that the Eurozone's recovery remains fragile, as Mr. Draghi recently <u>noted</u>, and the common currency still lacks the needed infrastructure to withstand asymmetric economic shocks, it stays vulnerable to a potential economic downturn.

Big compromises

As Mr. Trumps has little interest in upholding NATO or the EU, action is required. The changing international environment amidst an emerging multipolar world in which the US retreats, implies the need for the EU to step up responsibility.

We should realise the problems in our neighbourhood and in the wider world, amidst a rising China, an aggressive Russia and a retreating, inwards-looking US need us to focus outwards, rather than sticking to trench warfare on issues that divide us.

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To show external strength, the EU needs to overcome internal divisions over key issues such as migration and Eurozone reform, that have polarised the EU and impair its ability for effective decision-making.

Ambitious compromises are needed, and national leaders must refrain from thinking in Mr. Trump's zero-sum terms. This will require a resolve of the Eurozone's unfinished infrastructure that has split north and south as well as a permanent solution for the migration topic that has split west and east.

Unity and cooperation

EU Member States must realise they should stick together in a world where it will be left for its own and see its influence decline. To maintain it, the EU decision-making structures require overhaul, that would give it more effective decision-making capabilities – with less room for national vetoes – in the areas of defence and foreign policy, if it wants to make a difference.

2019's EU Parliament elections could prove to be crucial here, given that a shake-up can be expected due to the downfall of mainstream parties and a rise of nationalist populist parties. The changed dynamics mean that a broad coalition of pro-EU parties that support a strong and united EU will be required from the left to the right.

It is not so much about ideology here, e.g. to realise the dreams of European federalists. It is rather about maintaining the EU's survival and being prepared for a less stable world. Therefore, this pledge is more one of pragmatism, or even realpolitik.

At the same time, it should not bear the illusion it can do so alone either, as the EU needs to continue <u>bringing together</u> remaining like-minded countries such as Japan and Canada to stand firm on principles of free trade, an open society and multilateralism.

Populists and nationalists, if they really care about their national sovereignty, ought to also realise it can only maintain and leverage real sovereignty in a strong EU that cooperates closely with its allies.

The alternative of an ever more divisive (and lonely) EU amidst an emerging multipolar world could imply we will end up as rule-taker, rather than a rule setter.

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