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Lame duck?
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The West's Ukraine crisis

Russia's revisionism marks a post-Cold War paradigm shift | By Michael Rühle

The crisis in Ukraine, which culminated in Russia's annexation of Crimea, marked a watershed in Europe's post-Cold War history. In the course of a few weeks Russia emerged as a revisionist power, changing borders by a mixture of armed force and political intimidation in order to deny a neighbouring country the choice to determine its own alignments. The assumption that Russia had accepted certain ground rules of behavior among European states turned out to be wrong.

Many commentators were quick to argue that the return of tensions between Russia and the West was giving NATO a new sense of purpose. However, such a view misses the mark. The crisis may have indeed brought home to many the continuing need for a collective defense framework; yet it also confronts NATO with a series of political and military challenges that will put Alliance solidarity to the test and require new resources if these challenges are to be effectively met.

> "The crisis will put Alliance solidarity to the test."

The Wales Summit in early September did indeed show a remarkable degree of Allied unity: While avoiding alarmist rhetoric, the Alliance agreed the "Readiness Action Plan" (RAP) to enhance the military protection of NATO's easternmost members. The RAP foresees increasing the readiness level of NATO's reaction forces, as well as pre-deploying equipment and holding more exercises in Central and Eastern Europe. The RAP does not foresee the permanent stationing of substantial combat forces in Central and Eastern Europe. In this respect, NATO remains in line with the 1997 NATO-Russia Founding Act, in which the Allies had ruled out such deployments.

The RAP is an important signal to both NATO Allies and Russia. Its rapid implementation will thus be crucial, all the more so as more agile forces may also be needed for other contingencies. However, the challenges are considerable. Keeping forces on high readiness is something only the larger nations can do, and only at considerable cost. By the same token, the days when NATO was regularly exercising large-scale reinforcements are long gone. In short, in order to implement the RAP, NATO will have to re-learn certain skills and re-acquire certain capabilities that over the past 20 years had not been in demand. Above all, Allies will have to bear additional costs – which will require them to make good on their Wales Summit pledge to increase defense expenditures over time.

Implementing the RAP also means dealing with the challenge of "hybrid threats". To de-stabilize Ukraine, Russia combined military, paramilitary, cyber, economic and strategic communications tools. While this form of "hybrid warfare" may only succeed against states that are internally fragile and divided, it introduces sufficient ambiguity to make NATO's strategic assessment and decision-making difficult, while at the same time marginalizing elements of the full spectrum of NATO's defensive capabilities. This is of particular concern to the Baltic nations, given their large Russian minorities. NATO must therefore examine how best to respond to such threats, including through working with other institutions.

From the outset of the Ukraine crisis Allies refrained from creating irreversible facts in their relationship to Russia. Hence, while cooperation with Russia was suspended, the NATO-Russia Council remains open. At the same time, while the RAP will enhance NATO's military presence in Central and Eastern Europe, it will remain within the confines of the NATO-Russia Founding Act. And NATO's response to the dramatic increase of Russian air activities across Europe as well as to Moscow's militaristic rhetoric has been low-key. As long as there is hope that Russia could revert to a less confrontational stance, NATO wants to keep the doors open. If the changes in Russian policy were just a short-term tactical shift, and Russia's behavior does not become even more confrontational, it is safe to assume that many Allies will soon seek to re-establish the cooperative relationship they deem so important.

However, if the Ukraine crisis were to reflect a profound and lasting re-orientation of Moscow's approach vis-à-vis the West, NATO would have to prepare for living with a difficult Russia for the foreseeable future. Most Russia-watchers come down on the latter option. Russia's "patriotic awakening" – like so many things in Russia orchestrated from the top down – has resulted in soaring approval ratings for President Putin.

Given Russia's economic and social decline, now hastened by falling oil

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A recipe for global disaster

The Ukraine conflict is a challenge not just for Europe | By Wolfgang Ischinger

Thousands of miles away from the Pacific, Russia has annexed one region of Ukraine, and is in the process of destabilizing another one. Should Asians really care?

In East Asia, thousands of miles away from Berlin, China, Japan and others are involved in continuing disputes over uninhabited rocks, small islands, and remote borders. Why should Germans, why should Europeans be concerned?

And halfway between Berlin and the Pacific, in the Middle East, chaos reigns. Why must we not look the other way?

Questions like these stem from a time in which security challenges were and could be limited regionally. Just as disputes in the Pacific can have profound consequences for Europe, the Ukraine conflict is not just a challenge for Europe. It has enormous global implications, some of which have been underestimated outside of Europe.

> "So many states have minorities outside their own borders."

First, if such a breakdown of order is possible in Europe, which has the highest density of treaties and institutions, other regions are not likely to be more immune to serious and deadly conflict. We believed that the combination of institutions such as the European Union, NATO, the OSCE, and numerous partnership agreements with Russia would ensure peace and stability, after centuries of war and conflict in Europe. But they did not. That should make us think twice about the quality of governance, stability, and security structures in other parts of the world.

Second, the conflict in Ukraine appears to send the terrible message that policies of aggression and annexation can turn out to be successful even in today's world. This is not just bad news in terms of fundamental tenets of international law. It is especially dangerous for Asia. If it is so easy to annex a region that indisputably used to be part of a different country – Ukraine's Crimea –, what might this mean in the Asia-Pacific where many borders are in dispute, particularly between China and its neighbors?

Third, the so-called Putin doctrine represents a challenge to the international order – not just in Europe. The Russian president is reserving the right for Moscow to intervene abroad to protect Russian-speaking populations – based on Moscow's estimation of whether, when, and how they need protection.

Again, imagine a world in which every country demanded that right. It is a recipe for global disaster: so many states have minorities outside their own borders.

Fourth, the Russian military approach in eastern Ukraine – the so-called "hybrid warfare," combining irregular forces, intense propaganda, and other means, while officially denying any military involvement at all – may well be the first rigorous application of undeclared war with 21st century technology. There is no reason to believe that others are not intensely studying and copying this new hybrid approach.

Fifth, the Ukraine conflict has further paralyzed the UN Security Council, whose authority is already weakened. The degradation of our collective decision-making capacity is extremely worrisome. In fact, if this stalemate continues, Germany and India might one day become permanent members of a Security Council that risks becoming irrelevant.

Sixth, the Ukraine conflict is bad news for nuclear non-proliferation. In 1994, in the Budapest Memorandum, Ukraine received security guarantees in exchange for giving up the nuclear arsenal on its territory. If states end up being punished for relinquishing their weapons of mass destruction, hardly any state will want to follow the Ukrainian example.

It should be clear, then, that the Ukraine conflict and its consequences reverberate far beyond Europe's borders – and that therefore countries all over the world, especially in Asia, need to pay close attention.

In a different way, the same is true for the crisis that is engulfing a big part of the Middle East. The hope triggered by the Arab revolutions has been reversed. Many states are too weak to control their own territory. Malicious and criminal non-state actors, most prominently the so-called Islamic State, are on the rise. And jihadist groups are looking to expand further, both to the US and Europe and to India and to Southeast Asia.

Clearly, this crisis is at least in part the West's fault. The Iraq War did open a pandora's box. In Syria, on the other hand, we are now paying for the inactivity of the international community in dealing with the civil war after 2011. At the time, many decision-makers advocating Western

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Shoes for the soldiers: Ukrainian President Petro Poroshenko (center) inspects military uniforms at a base in Zhytomyr, Ukraine, Oct. 4, 2014.

PICTURE ALLIANCE/AP IMAGES/MYKOLA LAZARENKO

A nation of clans

Ukraine's new government must overcome regional divisions | By Klaus Müller

Western observers greeted the outcome of the elections to the Ukrainian Parliament on Oct. 26 with relief. In a ballot seen overall as fair and free, the parties commonly termed pro-European were victorious.

Taken together the three leading parties, President Petro Poroshenko's bloc, Arseniy Yatsenyuk's People's Front and Andriy Sadoviy's Self Reliance, collected 55 percent of the vote. Though considerably reduced, Yulia Tymoshenko's Fatherland attracted another 5.7 percent, while the Radical Party of Oleh Lyashko jumped from the fringe to 7.5 percent.

Whatever coalition emerges from these five parties, the Opposition bloc, recruited mainly from the disintegrated Party of Regions of the ousted President Victor Yanukovich, has lost any chance to exert power, with less than 10 percent of the vote. Its possible ally, the Communist Party of Ukraine, did not even pass the electoral threshold.

Very calming to the Western public, the two parties of the radical right, Svoboda and Right Sector, also failed to enter parliament. The five pro-western parties, acting together and with the help from some independent candidates, could even command a constitutional majority.

Ironically enough, Putin's annexation of Crimea and his support for the Eastern rebels may have pushed Ukraine more decisively to the West than ever before. Until last year, Yanukovych referred to the formula of a bivectoral orientation of the Ukrainian population. According to this concept, which had been introduced in the 1990s by former President Leonid Kuchma, the drive towards Euro-Atlantic integration, underlined by several agreements with the EU and NATO, intersected with an equally strong preference to maintain close relations with Russia.

As late as November 2013, survey data confirmed that 37 percent of those questioned would like to join the EU as soon as possible while a third preferred deeper links with Russia. All this has changed: in the course of the year, under the impression of Moscow's aggression in the eastern part of their country, a wide majority of Ukrainians switched to the western vector – making Vladmir Putin the loser of the October elections.

Nevertheless, it may be too early to celebrate the arithmetic of these elections as a historical turning point for Ukraine. Hopes for a better future mingle with memories of the failed 'Orange Revolution'.

In 2004 mass protests against massive electoral fraud during the presidential election enforced a second run-off which was won by the first emphatically Western candidate Viktor Yushchenko. The presence of European Commissioner Benita Ferrero-Waldner and US Secretary of State Colin Powell at the inauguration ceremony was intended to signal the future course of the country toward the 'centre of Europe' and the West, as explained by the new president.

But after barely a year in office, the Orange Coalition of Yushchenko and his Prime Minister Yulia Tymoshenko fell apart. Yushenko's presidency was captured by the real power brokers: the oligarchic clans which had taken over the soviet era industries in the east via shady privatization deals and had placed their own parties and deputies in parliament and high government posts.

When Tymoshenko tried to roll back the privatizations of the 1990s, Yushchenko defended the class of new owners and replaced her in late 2005 with Yuriy Yekhanourov, the very person who had supervised the transfer of state property into the hands of the oligarchs.

Unable to create a new societal consensus, Yushchenko promoted an integral Ukrainian nationalism, rewriting history and rehabilitating dubious inter-war heroes such as the fascist Stepan Bandera. This satisfied his west Ukrainian constituency but antagonized the eastern citizens.

Mired in corruption affairs, unable to revive the economy and to live up to the promised European standards of social life, economy and politics, the 'orange soap opera', as the *Economist* called it, paved the way for the comeback of Yanukovich in 2010.

Against this background, the pro-Western image of the new president and government will not be enough to overcome the division of the country and the slump of the economy. The new leadership is confronted with the very same problems on which the Orange Revolution ran aground.

A first matter of concern is the party structure of the country, on which governability and the quality of Ukrainian democracy will depend to a large degree. As the voting pattern indicates, the parliamentary elections confirmed persistent regional divisions of the country.

If the voter turnout is factored in, a more complicated constellation comes into view. In the western region around Lviv, 70 percent went to the polls, in central Kiev it was 56 percent, but in eastern Ukraine only about 40 percent cast their ballots, while in Donetsk and Lugansk it was less than a third of the electorate.

If nearly two million voters in the latter region, who traditionally would have voted for the Party of Regions did not have the opportunity to do so, they will nevertheless not disappear from the map. They are simply not represented by the fragmented, polarized and volatile party system of Ukraine.

How polarized the party system actually is and how this imposes tensions on society, was made evident by the disappointing election results for the Poroshenko bloc. On Sept. 16, parliament passed the president's proposal to find a compromise for the eastern parts of the country, namely to grant regional autonomy, local elections, language rights, and special relations with Russia.

Heavily criticized by nationalist parties, military leaders and Tymoshenko as bowing to Moscow, Poroshenko's concessions, though appreciated in Western capitals, played into the hands of the People's Front on election day. Yatseniuk's party, with the far-right commander of the Maidan militia on its list, appealed more to a public attuned to civil war conditions by uninterrupted media coverage. Unfortunately, Yatseniuk's militarized rhetoric serves to postpone even further the prospect of a reconciled society.

Nor has the second challenge, countering the oligarchic subversion of democracy, been met. On the contrary, in the absence of a professional army prepared to fight an internal war, some oligarchs supplied their own militias to a hastily called up National Guard.

After the oligarch faction behind the Yanukovich Regime, the Donbas clan around Rinat Akhmetov, had lost out, the rival clan headed by Ihor Kolomoisky took over. Installed by Poroshenko in March 2014 as regional governors of Dnipropetrovsk and Donetsk, Kolomoisky and fellow oligarch Serhij Taruta raised several battalions to fight the pro-Russian insurgents. Posing with nationalist politicians like Dmytro Yarosh or Lyashko on the battlefield, the oligarchs earned the reputation as patriotic defenders of the nation against pro-Russian insurgents.

The Maidan activists who entered the transitional government could not take on this political machine. Within a few months, nearly all quit their posts.

Tetiana Chornovol, who started as anti-corruption officer, was too weak to penetrate the corrupt arrangements of the political elite. Several ministers and the head of the central bank had to leave since they had no powerful sponsors or because the newly elected president, himself a winner in the oligarchic competition, preferred his own personnel.

In the new parliament, civil society representatives who run on several party lists, will come up against oligarchs and oligarch's deputies who polled as independent candidates in several of the 198 single-mandate majoritarian constituencies.

However, the imminent challenge for Ukraine's future is waiting outside parliament. The first pro-Western revolution of 2004 fizzled out in an environment of high inflation and economic breakdown in 2009.

Yanukovych's presidency eroded because of economic stagnation since 2012. For 2014, the IMF estimates the GDP losses at 6.5 percent and makes a stabilization in 2015 dependent on geopolitical détente. Returning to a more conciliatory tone in the internal and external debate seems not only a question of political viability of the new government but also of economic prudence.

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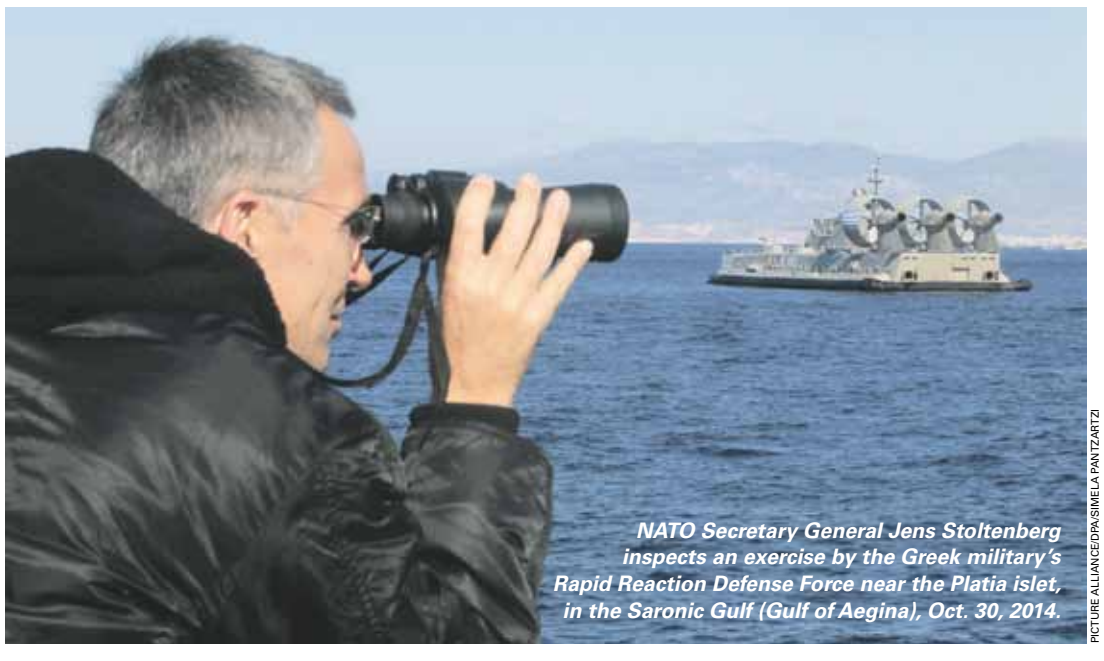
The West's Ukraine crisis



NATO Secretary General Jens Stoltenberg inspects an exercise by the Greek military's Rapid Reaction Defense Force near the Platia islet, in the Saronic Gulf (Gulf of Aegina), Oct. 30, 2014.

PICTURE ALLIANCE/DPA/SIMELA PANTZARTZI

prices, Putin's appeal to "Russian values" and Russia's military strength appears like a calculated gamble: by playing on deep-seated anti-Western resentment among parts of the Russian population, and by defining the West and NATO as adversaries, he has chosen a path that he will not and probably cannot reverse quickly. Moreover, given the clampdown on all political opposition and the suppression of civil society, as well as the absence of a serious challenger to Putin and his vision of Russia, current trends in Russian policy may well continue.

Although Ukraine is not a NATO member, Allies have nevertheless vowed to intensify their relationship with Ukraine in order to enhance that country's ability to provide for its own security. NATO provides support for the reform and transformation of the security and defence sectors. It also promotes greater interoperability between Ukraine's and NATO forces, including through continued Ukrainian participation in NATO exercises. To further strengthen their cooperation in the defense and security sector, Allies also promised to launch new programs with a focus on command, control and communications, logistics and standardization, cyber defense, military career transition, and strategic communications.

Many Allies are also providing additional support to Ukraine on a bilateral basis. And the EU, in addition to imposing sanctions on Russia, has orchestrated the "reverse flow" of gas to Ukraine, brokered a new gas deal between Russia and Ukraine, and will also be footing part of Ukraine's gas bill to help the country through the winter.

This shows that support for Ukraine has become support for a rule-based European order. At the same time, it indicates the potential synergies that lie in a closer relationship between NATO and the EU. Although the new Norwegian NATO Secretary General, Jens Stoltenberg, is the first NATO leader to come from a non-EU nation, he will continue to push for such a stronger partnership.

While NATO is currently in a "wait-and-see" mode toward Russia, it takes no leap of imagination to predict that NATO's future cooperation with Russia will become more conditioned and focused on reciprocal behaviour. Given all that has happened, cooperation simply for the sake of cooperation appears increasingly hollow. However, where common interests are at stake, such as with respect to the Northern Distribution Network for Afghanistan, cooperation should be pursued – and protected to the extent possible against disagreements in other areas.

Even if current events may not lead to a new Cold War, there is an obvious need to revisit approaches that were developed during that period, such as transparency and predictability measures. Cooperation under Cold War conditions proceeded from the assumption that at least some of the protagonists' interests were irreconcilable. Cooperating on such modest assumptions could perhaps spare NATO and Russia further disillusionment.

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Putin's dangerous realpolitik

His doctrine is quickly spiraling the world into a new Cold War | By Aleksandr Golts

PICTURE ALLIANCE/DPA/MIKHAIL METZEL

More than half a century ago, US politicians and political scientists vehemently debated the question "Who lost China?" The NATO countries will soon be asking themselves "Who lost Russia?"

How did Russia, after almost a quarter of a century as a member of the world's democratic community, revert to a totalitarian state intent on biting off sizable chunks of a neighboring country in the name of what its leader refers to as historical justice? The West can't produce any clear explanation for this dramatic turn. Instead, Western leaders – German Chancellor Angela Merkel and US Secretary of State John Kerry – preferred to note that Putin lives in his own world – a world of fantasy and misperceptions. Putin heads a major nuclear state. That makes it impossible to simply ignore his doctrine.

But Putin's fantastic world is a world of realpolitik, of the 1815 Congress of Vienna, or Yalta in 1945. The Great Powers are playing an endless zero sum game, trying to weaken their rivals by establishing alliances and conducting proxy wars abroad. The irony is that Putin never hides these views. One can recall his declaration that the terrorists behind the 2004 Beslan school siege were backed by "certain forces" that do not like the fact that Russia has a nuclear arsenal. Many observers interpreted "certain forces" as meaning Western powers.

It is also appropriate to recall his famous speech at Munich in 2007. Putin then directly accused the United States of trying to gain strategic superiority.

His speech to Russian ambassadors in July 2014 was a concentrated expression of his foreign policy principles. A doctrine that makes former Soviet leader Leonid Brezhnev's doctrine of limited sovereignty for eastern European states look tame by comparison. Apart from the imperative to protect "Russian speakers" from Ukrainian nationalists, Putin explained Crimea's annexation by saying: "We could not allow NATO forces to eventually come to the land of Crimea and Sevastopol, the land of Russian military glory, and change the balance of forces in the Black Sea area."

For Putin, the mere suspicion that someone might infringe on Russia's geopolitical interests provides compelling justification for the annexation of a large part of a neighboring state. What's more, Putin uses the "Russian character" of the residents of that neighboring state as an argument for intervention. "Our country will continue to actively defend the rights of Russians, our compatriots abroad, using the entire range of available means, from political and economic measures to operations under international humanitarian law and the right of self-defense," he said. Putin's regime apparently considers all citizens of the former Soviet republics as "Russians," meaning that his right of intervention extends to the entire territory of the former Soviet Union.

Putin's understanding of the world order obviously lags behind the prevailing concept by 60 or 70 years. Today's world exists in part because leading nations respect certain conventions, and turning the clock back to 1815 threatens that order.

Putin's doctrine is quickly spiraling the world into a new Cold War. The Soviet Union lost the last Cold War. What chances does Russia have in this one?

The Soviet Union had almost 5 million troops, but Russia, with its current demographic problems, can muster no more than 800,000. Soviet industry produced the full gamut of goods, whereas Russia is wholly dependent on imports in many areas. The Soviet Union created the Warsaw Pact, a fairly powerful political and military alliance. But Putin admitted, "Russia is fortunately not a member of any alliance," thereby indicating the true value he places on the Collective Security Treaty Organization of the ex-Soviet republics.

Clearly Russia cannot serve as a military counterweight to the United States. Russia's only strong point is its nuclear weapons, so Vladimir Putin relies primarily on those. He believes that the possession of the second largest nuclear arsenal in the world gives Russia special privileges in international affairs. But he regularly comes face to face with the reality that this advantage does not work. He has his own explanation of this fact. At the recent Valdai Discussion Club forum, Putin insisted that the collapse of the Soviet Union destroyed the system of "checks and balances" that existed during the Cold War.

In fact no such "system" ever existed. Both Moscow and Washington more or less did as they pleased, acting as they felt their own national security interests demanded. That thinking led to the invasions of Vietnam, Grenada, Afghanistan and Czechoslovakia. The only system that existed was mutual nuclear deterrence, the understanding that, if attacked, the potential adversary could always retaliate and cause unacceptable damage.

That system remains effectively unchanged to this day: both US and Russian nuclear forces are relatively equal. At the very least, each side has a large enough arsenal to dissuade the other from ever launching a nuclear attack.

It is no accident that, after making this point about checks and balances, Putin praised the most unpredictable former Soviet leader – Nikita Khrushchev. "True, the Soviet Union was referred to as 'the Upper Volta with missiles.' Maybe so, and there were loads of missiles. Besides, we had such brilliant politicians like Nikita Khrushchev, who hammered the desk with his shoe at the UN. And the whole world, primarily the United States, and NATO thought: this Nikita is best left alone, he might just go and fire a missile, they have lots of them, we had better show some respect for them."

Putin finds it terribly annoying that Western leaders know he commands the world's second largest nuclear arsenal and yet deny him the respect he believes he deserves. In reality, believing in the rationality of the new Russian leaders following the collapse of the Soviet empire, Western leaders became convinced that no situation could conceivably arise anymore in which either side would push the red button and turn the planet into a radioactive desert.

Putin wants to regain the kind of "respect" that the West held for Khrushchev and he sees no other way but to underscore his own unpredictability. I suspect that the recent sorties by Russian strategic bombers over the Atlantic Ocean and the Baltic, North and Black Seas serve the same purpose.

Over the past few months officials and opinion-makers close to the Kremlin tried to frighten the world with threats of starting a nuclear war. For example, a correspondent for the state-controlled television, reporting on a rehearsal of the Victory Day military parade in Moscow, pointed out that the Topol-M missile launched from Russia could easily reach Washington.

In addition, pro-Kremlin television anchor Dmitry Kiselyov said last month that the Perimeter system, which was created during the Soviet era to automatically launch a nuclear counter-attack after a US first strike, could turn the United States into radioactive dust.

Meeting with State Duma deputies in August, Putin again tried to scare Western "counter-partners": "We are talking about the most sophisticated arms, such offensive and defensive systems that are as yet unavailable to other armies of the world. We are yet to cheer up our partners with ideas and their implementation – in terms of the systems I have just mentioned… Some information remains secret, but we will disclose it when the time comes." Thus unpredictability becomes Putin's trump card. And it looks rather dangerous.

Small wonder then that in his Valdai speech Putin warned, "Today, we already see a sharp increase in the likelihood of a whole set of violent conflicts with either direct or indirect participation by the world's major powers."

Welcome to the brave new world of Vladimir Putin, a world ruled by 19th-century realpolitik, one in which disagreements between "major powers" are resolved through war.

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Are we family?

At Aspen Germany's 40th anniversary bash, Victoria Nuland hails the transatlantic partnership

Victoria Nuland's voice doesn't normally reach many European ears. Her position, though enormously important, lies beneath most Germans' recognition threshold. In February, however, she burst onto the front pages of newspapers and websites here with a remark on Ukraine policy that someone eavesdropped on: "F*** the EU!"

CHRISTIAN KRUPPA

That was one good reason for her audience to listen attentively when the US Assistant Secretary of State for European and Eurasian Affairs spoke at a conference in Berlin in October (left) marking the Aspen Institute's 40th anniversary in Germany. Her keynote speech on "The Transatlantic Partnership at Stake" reflected on ties between Europe and the US in the framework of the conference's theme: "Do we still need each other?" "Now more than ever," was her answer, later she added: "We are family."

It wasn't long ago that John Kornblum, the former US Ambassador in Germany, raised eyebrows with the remark that "nations have no friends, only interests." In Berlin it was above all the Americans who assured the Europeans they were still needed, even "desperately," according to Chris Painter, the US State Department's Coordinator for Cyber Issues.

Those common interests were amply on display. "[Russian President Vladimir] Putin is challenging us. He is forcing us to decide once again who we are, what we want and what our contribution to our world order in the 21st century should be," said Norbert Röttgen, Chairman of the Bundestag Foreign Affairs Committee.

"In Brussels there is a monument to the first founder of NATO and the European Union – that is Josef Stalin," said Elmar Brok, Chairman of the European Parliament Committee on Foreign Affairs. "Putin is on the way to getting a second monument."

And Alexander Vershow, Deputy Secretary General of NATO, believes that "Putin has thrown away the international rule book."

Jürgen Hardt, the German government's Coordinator of Transatlantic Cooperation, went so far as to speculate that, in case of a Russian invasion of the Baltics, the Bundestag would approve German military involvement, even if "the public might be opposed to it." He added that he does not believe that Russia currently threatens NATO, however.

But disputes belong to family life too, and the German participants didn't hold back their criticism. Before and during the Iraq War the US side "lied and deceived," said Brok. That was the germ for subsequent mistrust. He said the consequence of that intervention in Iraq now exists under the name Islamic State. Turning to the NSA surveillance scandal that soured ties earlier this year, Brok said he believed the US would again find a balance between security and freedom, because the US is a democracy. "And that's what distinguishes it from our neighbors to the east," he added.

Former German Finance Minister Peer Steinbrück, now chairman of the German-American Parliamentary Group of the Bundestag, appeared resentful at what he called a lack of (US) transparency in the TTIP negotiations. That made it difficult for German advocates of the planned free trade agreement to persuade the public of its advantages, he said.

For Eckart von Klaeden, a former junior minister in Angela Merkel's Chancellery and now head of external affairs at carmaker Daimler, the advantages are obvious. He reminded participants that in the early 1960s, France (followed by Germany) imposed a "chicken tax" on American poultry and that Washington retaliated in 1963 with a tax on potato starch, brandy, dextrin and light trucks. That hit Volkswagen and remains in effect. The German chancellor at the time, Konrad Adenauer, later said that half his correspondence with President Kennedy over Berlin, Laos and the Bay of Pigs Invasion was about chickens. Today, comparing prices for a Mercedes or an iPhone 6 in Germany and the US is an enlightening exercise, Klaeden said.

Italy's Deputy Minister of Economic Development, Carlo Calenda, made it easy for himself. Primarily "a lot of anti-Americanism" was behind public resistance to TTIP in Europe, he said. But that makes a debate over its content even more necessary. *PHK*

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A recipe for global disaster

restraint warned of the dangers of a conflagration if we intervened. Now, the conflagration is here, and the intervention may well turn out to be too little, too late. The current bombing campaign alone will certainly not end this conflict.

Both major crises – Ukraine and Iraq/Syria – reveal the dysfunctional state of the international order. Global and regional structures are crumbling before our eyes. And the international community is unable to reverse or manage those crises. There is neither a global policeman nor an effective concert of great powers taking care of these problems. The international capacity to manage problems is shockingly low – right at a time when the world has become so complex and complicated that we need this capacity more than ever before.

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Wolfgang Ischinger is chairman of the Munich Security Conference and Global Head of Government Relations at Allianz SE.

Breathing down Putin's neck

Russia's president needs to keep looking over his shoulder. Rightist nationalists are pushing him to expand the conflict with Ukraine | By Michael Thumann

On the Frunze Embankment, right next to the army high command building, you'll find the specialists for Russia's struggle to survive.

"Ever since the Malaysian plane crash a huge propaganda war has been waged against Russia," said Andrei Fefelov, deputy chief editor of the newspaper *Zavtra* (Tomorrow). It claims to have a circulation of 100,000 but the editorial staff is small and works in a dark and inconspicuous ground floor apartment. "We're preparing for a blockade of the country," he said, adding that Russia is being isolated and demonized – but won't be cowed. As the Ukrainian offensive toward Donetsk gained ground, Fefelov recalled the besieged cities of the Soviet Union during World War II. "The partisan war will soon begin," he prophesied, in both Donetsk and Odessa.

All just a fantasy?

War cannot be completely planned, not even by a man as powerful as the Russian president. The downing of Flight MH17 was one of those wartime imponderables. Outrage at Russia spread across the world. Inside Russia, the barricades went up to keep the world at bay. Ever since the annexation of Crimea the country has been riding a wave of patriotic fervor. Vladimir Putin set that wave in motion and thought he could control it. But now the radicals are in motion. A few years ago media outlets like Zavtra were marginal and insignificant. Today their editorials are merging with public opinion. That puts pressure on Putin and restricts him, as in his response to the plane crash. Before that, he, the president, directed the production. Now, others are crowding onto the national stage, voicing increasingly radical demands.

Inside the Zavtra office there is a waist-high cabinet arranged like an altar. Soviet red stars glow alongside Orthodox crucifixes, model tanks and, in the center, a large Byzantine two-headed eagle made of porcelain. Two ornamented spouts protrude from its neck, for the vodka in its belly. Around its wings, a banner is draped with the name "J. V. Stalin" printed on it. This is an altar to the faith of Russian nationalists: Orthodox Christian Stalinism. To the untrained Western eye they seem to clash, but today's Moscow bears witness to their flourishing symbiosis. The red and white Russia, Stalinism and tsar-worship, Socialism and Orthodoxy. Everything that makes Russia look great, fits in – or is made to fit in.

He's always been amazed at the ascetic modesty of life back in the USSR, Fefelov says. "That was something it had in common with Orthodoxy." It, too, opposes the "ostentation" that, unfortunately, prevails in Russia today, he said. His country is far too reliant on international capitalism, meaning on the US, which gets to dictate its terms everywhere, Fefelov said. Under Putin, however, Russia is regaining its independence, he added. Now all that's missing, he concludes, is a party that would fight corruption as resolutely as Stalin once did.

Russians who share these views are manning the front lines in Ukraine. They issue orders to separatist fighters in Donetsk and call themselves prime ministers or commanders. Andrei Fefelov knows them all. They went to university together and trod the same battlefields. Fourteen years ago Fefelov drove together in a jeep with the separatist commander in Donetsk, the legendary Igor Girkin alias Strelkov, through the shattered Chechen capital Grozny. "He knew every stone there," Fefelov reminisced.

Strelkov and the "Prime Minister" of the "People's Republic of Donetsk," Aleksandr Borodai, are military historians. Together with like-minded writers, directors and philosophers, during the 1990s they kept themselves occupied by re-enacting historical battles and joining real wars. Some fought in Bosnia, in Serbia, and/or Chechnya. In Russia, many stood with the opposition in 1993 against President Boris Yeltsin in the deadly battle over the parliament building. Many wrote for Zavtra or comparable websites.

Earlier they were just odd extremists. But then, under Putin, Soviet nostalgia and the yearning for global greatness returned. That's why, today, Russian radicals are playing the main part in the war against Ukraine. They're fighting for a country they call Novorossiya – New Russia.

Their commitment is also a direct challenge to Vladimir Putin. The president conquered Crimea and armed the separatists in East Ukraine. But then came the reckoning, in the form of Western sanctions and big subsidies for Crimea. The state recently resorted to dipping into pension funds to finance the Crimean projects.

And now, the downing of Flight MH17 has trashed Russia's reputation worldwide, although Russian TV heaps all the blame on Kiev.

Putin's dilemma is, on the one hand, to keep Ukraine vulnerable so as to keep it from joining the EU, but on the other to avoid international isolation for Russia and escalated EU sanctions against Moscow. That would just worsen the country's economic straits, so Putin has refrained from marching into East Ukraine.

He might still enjoy approval ratings reaching 80 percent, but in the race for patriotic esteem he's beginning to fall behind the fighters for New Russia.

Their chief ideologue, Aleksandr Dugin, has taken to openly criticizing Kremlin officials. He's become a theorist of the "eternal" antagonism between East and West, Russia against America, Eurasia against the Atlantic world, Orthodox processions against gay pride marches.

Dugin characterizes this antagonism as a "conflict of values." He believes Moscow is not doing enough to assist its embattled brothers in New Russia. But Putin is not to blame. "It's the fifth column in the Kremlin," he believes. Dugin means the oligarchs in Putin's inner circle, the economic liberals and political technocrats. He has little respect for Putin's Ukraine adviser, who devises "national movements and then lets them die." Dugin accuses the adviser of "false patriotism, treason and destruction" of the national spirit.

Such attacks are dangerous for Putin. Figures like Strelkov have long since risen to the status of national heroes. He fights under the fire of the Ukrainian government in Donetsk while, assisted by a zookeeper, Putin pets baby leopards on he evening news. Putin may have invented the drama, but Strelkov is living it. Putin plays a tactical game in the Ukraine conflict, manipulating public opinion, shifting it first this way than that. Strelkov shoots straight – at "the fascists." Never before in Putin's wars – be it in Georgia or Chechnya – has a soldier risen to such heights of popularity.

Perhaps that is why the pro-Putin TV stations have begun taking aim at Strelkov. He's not being accused of having downed the passenger jet. The message is that Ukraine has MH17 on its conscience. Instead, a Kremlin ally criticized the commander for having abandoned two cities in East Ukraine unnecessarily. TV pundits have begun explaining why the rebels' demand that Russia send in the army is wrong: because that would simply play into the hands of America, which is seeking to paint Russia as the aggressor in the conflict. Television is following Putin's tactical about-face and, cautiously, taking a distanced attitude to the fighters in East Ukraine.

Just ask the "Permanent Representation of the Donetsk People's Republic," the rebels' representative in Moscow. Andrei Rodkin is not an easy man to find. All the Internet addresses of the "embassy" lead nowhere. Rodkin doesn't have a permanent office. If the Kremlin wanted, he'd have had one long ago.

By cell phone we arrange to meet for coffee on centrally located Tverskaya Street. The Donetsk People's Republic has not been officially recognized by Moscow, only by South Ossetia, a country that itself is recognized by Moscow but practically no one else. Call it pariah solidarity. Rodkin is an ex-soldier, former military correspondent for Komsomolskaya Pravda and spokesman for Putin's party United Russia.

And what does he do as an ambassador without portfolio? "I work for humanitarian assistance and help refugees," he says. Well over 100,000 people have left East Ukraine for Russia. "They will return," Rodkin is certain. New Russia will grow, he says. Besides Donetsk it includes the cities of Kharkiv, Odessa and Mikolayiv, in his estimation. That's half of Ukraine.

The fighters in New Russia can be sure of the Russian people's sympathy. A survey by the independent Levada polling institute showed 64 percent of the Russian population supporting the separatists' fight. Most still reject a Russian invasion of Ukraine, but the ranks of those who would welcome it have swelled in recent weeks to 24 percent. Another 35 percent support arms shipments to Strelkov and his brigades. Following months of one-sided information in the evening news, nearly 60 percent of all Russians support anti-Kiev policies.

Politicians have seen opportunities open up as a result. The deputy speaker of the Federal Council has called for "precision strikes" against the Ukrainian army. A Putin adviser said the army could still neutralize the Ukrainian armed forces by invading. In half a year that would be hardly possible anymore, as the Ukrainians were arming, he added. Putin's spokesman stressed that that is not the president's position. It adds up to mixed signals from the Kremlin.

The patriots supporting separatism in eastern Ukraine, on the other hand, have a clear message. At the Central House of Writers, author Sergei Shargunov welcomed his guests. The salon was like a yellowed postcard from the late Stalin period. Dark wood paneling, well-worn parquet floor, beige lampshades

"Miss!" Shargunov called to a waitress. "You're a Ukrainian. What does the Russian world mean to you?" She did not take long to reply. "Russia has always defended us:" When Napoleon came, Russia threw him back. It was the same when Hitler came. And today, given the threat from America, Russia once again was standing by the Ukrainians, she said. "So you see!" said Shargunov, satisfied.

Together with Zavtra's Andrei Fefelov and others, Shargunov recently visited Donetsk, where they met the Russian militiamen. "Those people had what Russian bureaucrats do not: convictions." Their ideas were spreading like a blaze, he said. In eastern Ukraine a "Russian dream" was becoming reality. "New Russia is an experimental space for new ideas, against the injustice of bureaucracy, against dependence on the outside world and the oligarchs." Was the downing of the airliner also an experiment? "No one wanted to shoot it down," Shargunov said. The crash was the result of a war that ignored all frontiers. "It was practically to be expected."

Shargunov referred to a "Russian spring." It was an uprising against Ukraine, the West, Russian officials and their bribes all at once, he said. The Russian spring united leftists and rightists, Stalinists, Orthodox Christians, Russians and their friends in Ukraine. It was a radical opposition that opposed two governments: directly against the one in Kiev and, indirectly, the officials in the Kremlin. Its battalions are in Donetsk, its ideas on the Internet, where people are already fantasizing about a third world war.

This Russian spring threatens Vladimir Putin's status. He has to support the nationalists to keep his own image as commander-in-chief credible. But he also has to fight the nationalists because they want to dictate policy. The war in Ukraine is slowly becoming a problem for Putin's power. The greater the patriotic fervor, the better for the New Russia nationalists. The airliner crash has worsened Putin's predicament. Domestically he has to play the hero while finessing external relations. Don't expect any sudden changes in policy.

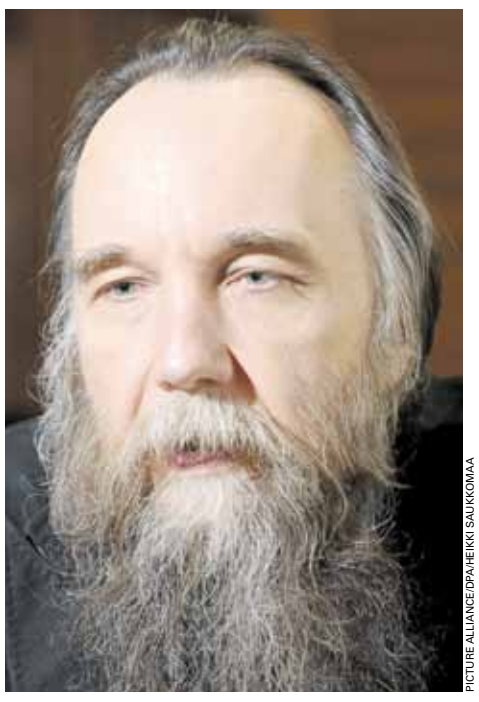
Meanwhile the radical nationalist camp has no shortage of new ideas. Earlier in Soviet times people planned to reverse the course of the Siberian rivers to irrigate Central Asia. It came to nothing. Now a "Center for Eurasian Agricultural Policy" has recommended blocking central Ukraine's freshwater artery. Russia, it said, should dam the tributaries of the Dnepr River and re-route its source west of Moscow. Central Ukraine would then face both droughts and devastating storms, the economic planners write. Several ministries in Moscow, they say, have expressed interest in the study.

■

Michael Thumann writes about foreign affairs in the German weekly Die Zeit.

Vladimir Putin visiting an Orthodox monastery near Moscow.

AP PHOTO/RIA-NOVOSTI/MIKHAIL KLIMENTYEV/PRESIDENTIAL PRESS SERVICE



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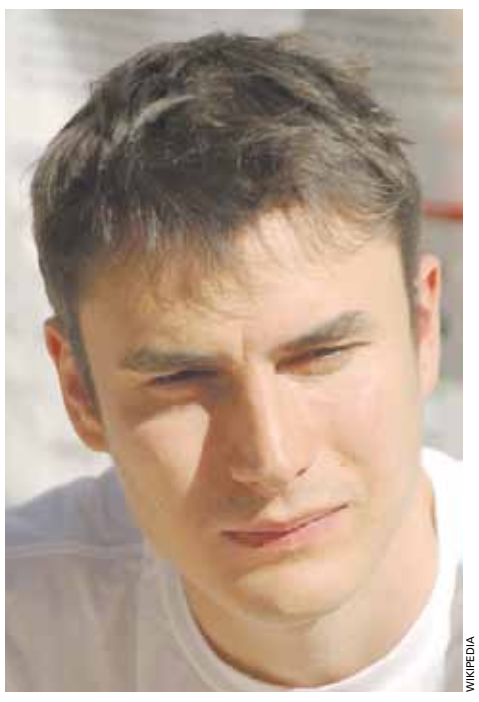

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Alexander Dugin (left), theorist of Russia's new right, rejects Western values and technocrats. Writer Sergei Shargunov (center) sees a "Russian spring" rising from the war in Ukraine. Right: Commander "Strelkov" – a Russian military historian with experience in Chechnya.

Beijing bilateral: US President Barack Obama and Chinese President Xi Jinping.

PICTURE ALLIANCE/AP IMAGES/MITSURU TAMURA

The Asia-Pacific balancing act

Keeping China in check without antagonizing Beijing is a diplomatic challenge | By Theo Sommer

Looking at Asia, one cannot help pointing out that the region may be called Asia-Pacific or Indo-Pacific, but that this label does not automatically make it peaceful.

The world's most perilous flashpoints are all in Asia: Kashmir, Taiwan, Korea. Beyond that, there are numerous stress-lines and fault-lines between Bombay and the Bering Straits, arising from conflicting territorial claims and the ambitions of many littoral states. Between Hainan and Hokkaido there is hardly an island, islet, shoal or riff that is not contested. In the South China Sea, Beijing pursues an assertive, even aggressive policy, pitting itself against Vietnam, Malaysia and the Philippines, while the dispute over the Diaoyu/Senkaku islands has dangerously raised tensions between Japan and China.

More worrisome is the escalating tension between China and the United States. The "Chimerica" thesis, put forth some years ago by Niall Ferguson, that the two would become partners rather than rivals or even adversaries has never merited much plausibility. But the jury is still out on what kind of relationship is going to evolve between them: a cooperative or a confrontational alignment. Historically, the competition between emergent powers impinging on the preserves of established powers trying to thwart their rise has more often than not ended in war. The creation of a "strategic partnership" between China and the US signals an avowed common interest in charting a constructive outcome, but so far no significant steps have been taken in that direction.

In fact, there are troubling indications that the establishment of a new balance of power might not proceed all too smoothly. Hardliners in Beijing – such as Colonel Liu Mingfu in his book "Chinese Dream" – believe that conflict is inherent in US-China relations; that the two countries will be engaged in a "marathon contest" and the "duel of the century"; and that China must become Number One – the world's top power.

Even moderate observers like the respected political scientist Shi Yinhong of Renmin University have begun to wonder whether China's rise can be accomplished peacefully, given the strategic distrust, the intense rivalry with America and the hardening US stance. In Washington, too, there are many experts who think it is high time to stop China's revisionist ambitions by organizing its neighbors into a counterweight capable of effectively containing Beijing's assertiveness.

In his book "The China Choice," Hugh White, the eminent Australian analyst on China, argues that for the US, the established power, and China, the rising power, to coexist peacefully and not get drawn into a fateful war – like Athens and Sparta did in the fifth century BC – the US has to agree to eventually give up its bases and alliances in the Pacific, and share power with China. Yet this is unlikely to happen under any US president. Thus China's push for regional hegemony at least over the western Pacific and America's determination not to get evicted from its Asian-Pacific sphere of influence could create a highly perilous situation – perhaps not today or tomorrow but twenty or thirty years on, when The People's Republic, towering above the rest of Asia, might succumb to the temptation to challenge the US head-on.

To forestall such a dire development, Henry Kissinger in his new book "World Order" recommends a combination of balance-of-power strategy with partnership diplomacy. This is certainly a recipe worth a try, and one applicable to relations between India and China as well – the other great power duo which carries both the seed of constructive cooperation and the germ of confrontation.

Relations between The People's Republic of China and India, established in 1950, were ambivalent from the start. The popular catch phrase then was „Hindi-Chine bhai-bhai" – „Indians and Chinese are brothers." But at the same time, Nehru told his envoy to Beijing not to trust the Chinese at all.

Border disputes and repeated skirmishes along the Himalayan frontier, including a four-week border war in 1962 (in which India suffered a crushing defeat), and countless rounds of – so far inconclusive – border negotiations kept undermining the raft of official statements vaunting the good will between the two nations and their desire to boost regional connectivity. The meteoric rise of China during the past two decades, leaving India increasingly behind both in economic and in military terms, has dramatically enlarged the area of friction. Three issues, in particular, are worrisome in this context.

The first is the long-standing border dispute. India shares a 3,380 kilometer-long frontier with China. It is disputed in its entirety, but actually the contest centers on Aksai Chin in the west and Arunachal Pradesh in the east, both of them harrowing legacies of the British empire. Various border lines demarcated by the Raj – the Johnson Line of 1865, the McCartney Line of 1899 and the McMahon Line of 1913/14 – created an inextricable legal tangle.

Both countries established facts on the ground: during the 1950s, the Chinese occupied Aksai Chin and built a road across it from Xinjiang to Tibet; in 1951, the Indian army threw out the Tibetans and established the federal state of Arunachal Pradesh (which the Chinese still insist on calling "South Tibet").

When China's premier Zhou Enlai came to India in 1960, he offered a swap: China keeps Aksai Chin, India Arunachal Pradesh. Nehru turned the deal down. A 1987 agreement to maintain peace and tranquility along the Line of Actual Control (LAC) has never been ratified. There is still no commonly accepted LAC or an agreed map.

Thus each side blames the other for border incursions. While aiming at establishing closer economic relations with China, India's new Prime Minister Narendra Modi remains adamant on the border question. During the recent electoral campaign he sternly exhorted Beijing: "China should give up its expansionist attitude, and adopt a development mindset."

The second issue that causes serious concern in India is China's rearmament. The Chinese have 2.2 million men under arms. Since 2001 their defense budget has grown by 10.9 percent annually, amounting to $114 billion according to their published figures ($166 billion according to western assessments). At any rate, it is the world's second largest defense budget. India has 1.3 million active troops; its defense budget amounts to just $45.7 billion.

China is rapidly expanding its navy, which currently counts 221 warships and 55 submarines; the Liaoning, a refurbished Ukrainian aircraft carrier, is undergoing sea trials. India finds it hard to keep up. Its fleet is aging, spending curbs limit the replacement of old ships. In the past five years, the Indian navy commissioned only six major surface combat vessels, while China commissioned 23; India built one sub (and lost one), China 18. A comparison of the two countries' air forces is no more flattering for the Indians.

"We must take note of our neighbor's military, cyber and maritime capabilities that are vastly expanding," argues a recent publication from the Delhi think tank Observer Research Foundation. "India needs to catch up with China in terms of modernization." Yet balancing China across the whole panoply of military capabilities comes as a formidable challenge.

The third matter of concern to India is the grandiose Chinese plan for a Maritime Silk Road – a venture to parallel the Silk Road Economic Belt connecting China with Central Asia and Europe. Harking back centuries, the twin Silk Roads are massive trade and infrastructure networks aimed at boosting China's trade with the whole Eurasian continent.

At the same time, however, the aim is clearly to boost China's regional influence, not least by footing the bill for many ambitious projects; Beijing plans to create a $16.3 billion fund for the purpose. The scheme has already been called China's Marshall Plan.

The Indians see it in a quite different light: as a continuation of Beijing's assertive diplomacy by other means. They consider China's "string of pearls" strategy as a threat: the new ports it has built at Gwadar in western Pakistan; in Sri Lanka at Hambantota, in Chittagong, Bangladesh; and in Kyaukpyu, Myanmar. The visit of China's President Xi Jinping to Sri Lanka and the Maldives in October greatly nourished their apprehensions. The Chinese see this as a natural for the world's number one trading nation; to them, protecting the sea routes on which their economy depends is a necessary yet innocuous enterprise. From the Indian vantage point, however, the string of pearls is perceived as a geopolitical pincer movement – a menacing scheme of encirclement.

To counter the expanding Chinese presence in India's sphere of influence, Delhi has launched a policy of "internal balancing," meaning a military build-up on the Himalayan boundary and upgrading the infrastructure in the border region. Beyond that, it has been intensifying its Look East policy, seeking closer security relations with the United States, Vietnam, the Philippines, Australia and Japan.

This strategy of "eternal balancing" is intended to achieve what the country cannot hope to achieve on its own. A raft of strategic partnerships encompasses cooperation in the fields of defense and maritime security, military training and arms procurement.

Simultaneously, the Indians are bolstering their strength at sea. A rising share of the defense budget is allocated to the navy, which got $6.2 billion after just $4.2 billion three years ago. The construction of the Varsha Naval Base on the east coast signals an eastward rebalancing of its capabilities. The same goes for the modernization and expansion of facilities on the Andaman and Nicobar islands. Neglected for decades, the 750-kilometer (466 miles) island chain close to South East Asia is now being beefed up militarily. Sitting above the entrance to the Malacca Strait, it could serve as a chokepoint to block Chinese oil tankers in any grave crisis.

No other region is arming as frenetically as Asia. In 2008, Asia accounted for 17 percent of the world's military expenditures, and for 22 percent in 2013; by 2017 its share is forecast to reach 24 percent. What makes this arms race particularly troublesome is the absence of even a rudimentary multilateral framework to contain or defuse tensions in the region. This has led some observers to remark that if Asians don't watch out, Europe's past – a past of contention, rivalry and war – might well become the template for Asia's future.

A stand-off between the United States and China and an armed conflict between India and China are the worst contingencies imaginable. To prevent such dire developments by balancing the relationship with the People's Republic without making an enemy of it will be a priority task of statecraft in the coming decades. ■

We need a system redesign

The world has no functioning mechanism to respond to the new genre of conflicts

Will India's foreign policy change? Following the election of Narendra Modi in India, "the world has been watching with great anticipation, expectations and curiosity," said Ambassador Wolfgang Ischinger, the chairman of the Munich Security Conference, at the 6th Munich Security Conference Core Group Meeting in New Delhi, Oct. 21-22. India's new National Security Advisor Ajit Doval took the chance to outline the foreign and security policy of the new government.

Four months after assuming the security advisor role in the new government of Prime Minister Modi, Doval stressed the importance of unity among democratic states in dealing with today's biggest security challenges. "Our hope lies in greater unity, understanding and commonality between the great democracies," he said. "Democracy remains one of the most powerful tools for dealing with security problems."

Consequently, India's security strategy needs to be built around the question of "what can we do to strengthen democracy". "We have a strong democracy in our country, if we had similar democracies in our region, that could be one of the very surest symbols of India's security."

Doval shared a pessimistic view of the international ability to deal with conflicts and crises. He stressed that today terrorism was much more intense than 13 years ago when the war on terror was declared. "The new genre of conflicts has no substantially proven correct response. We are just [grasping] at darkness. […] We are trying, we are succeeding, we are failing … But most of the time, it doesn't work."

Doval also called for a comprehensive United Nations convention against terrorism. "There should be a collective response, a systemic convergence, automated systems and institutionalized mechanisms" to combat the threat of terrorism, he said. He noted that though many countries have established military, technical and legal systems to fight terror at the domestic level, "at the global level we have failed to make much headway in creating working global systems."

Doval said India wanted to resolve conflict with any country through talks and negotiations. "We believe that there is no conflict which cannot be resolved through talks in a peaceful way." Doval ruled out any territorial compromise in the on-going bilateral dialogue with China to resolve the pending border dispute. "Our territorial integrity cannot be compromised but I see positive signals from China and we have to evolve and engage each other rather than work in isolation."

Navtej Sarna, the Secretary (West) of the Indian Ministry of External Affairs, said that in year 70 of the current international order that was built at the end of World War II, the "world is in denial." He believes that far-reaching reforms were unavoidable, since "the once powerful cannot deal alone" with critical issues such as climate change.

The director, president and CEO of the Woodrow Wilson International Center for Scholars, Jane Harman, argued that in today's world "no country can afford to be non-aligned anymore." She added that Woodrow Wilson, one of the founding fathers of today's international order, would argue that the order would have to become more inclusive.

Mexican Foreign Minister José Antonio Meade Kuribreña agreed. He stressed that the world should pay much more attention to the foreign policies of states like Indonesia, South Korea, and Mexico as all of them had valuable lessons to offer.

Echoing Churchill's famous quip about democracy, former Australian Prime Minister Kevin Rudd said that the post-1945 arrangements that still form the basis of the international order represented "the worst system of international governance – except for all the others."

Shashi Tharoor, the chairman of the Parliamentary Standing Committee on External Affairs of the Indian Parliament and former UN undersecretary general, said he agreed with Rudd, but only as far as the systems of the past were concerned. This could not mean that no better future system could be devised. "The need for a system redesign is pretty apparent," he argued and called for India to play a strong part in any such a redesign. *ST*

A diminished presidency

The Republican majority in Congress will affect Obama's foreign policy too

By Martin Klingst

PICTURE ALLIANCE/AP PHOTO/PABLO MARTINEZ MONSIVAIS

Lame duck? President Barack Obama at the G20 Summit in Brisbane on Nov. 16.

On Nov. 4, Barack Obama's Democrats lost control of the Senate. In the mid-term elections, the Republicans also boosted their majority in the House of Representatives. The conservatives now have a majority in both houses of Congress. What will that mean for the foreign policy of the 44th President of the United States?

Practically nothing, according to conventional wisdom. The power shift is very bad news, we are told, mainly for Obama's domestic agenda, chiefly the survival of his health care package and planned immigration reform. Foreign policy would remain largely untouched. During his last two years in office, the constitution and America's political traditions will give the congressional majority little chance to leave its mark there.

As evidence, analysts point to Obama's predecessors in office. Facing a hostile Congress, many sought their salvation in foreign policy. They climbed aboard Air Force One and jetted restlessly around the globe, from one crisis zone to another, from one mediation effort to the next, from state visit to state visit. Some achieved great things along the way and secured their places in the history books.

The Republican Ronald Reagan, for example, helped end the Cold War. His successor George Bush, father of Iraq War commander-in-chief George W. Bush, became a guarantor of Germany's reunification. And in the year 2000, Democrat Bill Clinton came closer to brokering a peace treaty between Israel and the Palestinians than any president before or since. The negotiated results from Camp David and Taba remain the guiding principles for every new Middle East mission.

But of course it's not completely true that presidents can run foreign policy uninhibited and without restrictions up to their last day in office. And that's especially true of the Obama era. Whether Congress will allow itself to be held at arm's length depends very much on the nature of the various global conflicts, and to what extent the president believes he needs to ask for congressional support in confronting a crisis.

Unlike George W. Bush, who tended to go it alone, Obama seeks the backing of Congress in dangerous situations. One example was in the summer of 2013 when – against the advice of several close advisers – he insisted on a congressional vote on backing air strikes against Syrian chemical weapons. He had, after all, promised voters he would bring wars to an end instead of starting new ones.

After it became apparent that Capitol Hill would not be providing the hoped-for support and Russia rescued Obama at the last minute with a diplomatic offer, air strikes did not take place after all, and neither did the vote. But Obama was politically damaged.

Still, the president insists on consulting the people's elected representatives on issues or war and peace. Recently he announced he would ask Congress to authorize military action against the Islamic State group. Until now Obama has based this initiative on two legal precedents that are neither new nor really appropriate. The first stems from the weeks following the 9/11 attacks, the second from Bush's Iraq invasion.

Obama's inclusiveness towards Congress has at least partly amounted to a departure from standard operating procedures in past White House administrations. From Vietnam to Afghanistan, America's presidents have led their country to war without first turning to the people's elected representatives – who could have responded with a yes or no. Mostly, Congress was left with no choice but to either grudgingly authorize funding for these campaigns after the fact through a supplementary budget, cut it somewhat or – an option that has never actually happened – refuse it completely. No Congress stabs a wartime president in the back.

And yet, the power of the purse is one of Congress' most potent weapons. Anyone with access to those purse strings also has substantial influence on foreign policy. If the money isn't talking, no one's walking. If Obama wants to send additional military advisers to Iraq, someone has to pay for it. The president also needs money to support Ukraine's government in Kiev and supply its army with up-to-date hardware. The same applies to maneuvers on NATO's eastern border that have not been budgeted for, mobile hospitals in the fight against Ebola and additional drone missions over Libya, Yemen and Somalia.

The Republicans are not going to block most such initiatives. In fact they support many of them. But they will use all the means at their disposal, including authorization of funding, to influence Obama's decisions and put their own stamp on his foreign policy. The Republican majority in Congress, and especially the Senate, which pays more attention to external affairs, will see to that.

For example, should a nuclear treaty with Iran be successfully negotiated, Obama could, on his own, ease sanctions on Tehran. Yet it's quite likely that the Republicans won't like the deal, since it would, in all probability, give Iran the right to enrich limited amounts of uranium on its own soil. Republicans would lead an outcry against this concession and demand by law that the entire treaty be submitted to Congress for ratification. Doing so would put Obama in a vise: He could veto the law and further sour ties with Congress, including many lawmakers in his own party. Or he could submit to the Republicans and try to re-negotiate the treaty. But that would throw the entire deal into doubt.

Another possibility would involve the Republicans' demand for a more hawkish stance toward Vladimir Putin's Russia. It's possible that, with their majority, they would pass tougher sanctions than Obama wants. Again, he could veto the measure, but that would weaken his stature, especially in dealing with America's more cautious European allies.

The Republican majority has neither the power nor means to completely undermine Obama's foreign policy. But it can put its hand on the rudder, and make the final years of the 44th President's tenure very unpleasant. ■

Fear of returnees

Al Qaida, with its high level of organization, remains the biggest terrorist threat to Europe

By Guido Steinberg

GETTY IMAGES/ANADOLU AGENCY

Do German jihadists returning from Syria represent a violent threat to Germany? Kobani (Ayn al-Arab) on Nov. 9, 2014.

Europeans have a new fear. Since 2012, some 3,000 people from Europe have traveled to the war zone in Syria – at least 400 of them from Germany. Will those who have joined the jihadists in Syria and Iraq return to carry out attacks on their European homelands?

The fear is based on the experience with returnees from the jihadist conflict zones of past wars in Iraq and Afghanistan, who carried out a number of devastating attacks in Europe and planned many more which failed. Ever since the triumphal march of the Islamic State (IS) across Iraq in the middle of this year, the threat posed by returning fighters has been on the agenda of every security policy discussion.

Yet anyone seeking to more precisely assess the potential danger of the returnees needs to take a look at the institutions that have attracted fighters in South Asia and the Arab world. Major attacks with many casualties like the ones in Madrid in 2004 and London in 2005 can only be planned and carried out by organizations with money and expertise – not by lone terrorists, whose attacks tend to have a smaller effect.

The organization most frequently cited in this context is the "Islamic State," the Iraqi-Syrian militia force that stormed across large parts of western and northwestern Iraq in the middle of this year, and also took more territory in Syria, where it already controlled part of the east and north of the country. For Europe, one of the most worrying things was that most of the radicalized young Europeans traveling to the region joined the IS and not the other rebel groups fighting the Assad regime in Syria.

The fear of IS attacks in Europe grew in May 2014, when a French returnee from Syria – who was believed to have been trained by the IS – shot dead four people at the Jewish Museum in Brussels. There is no evidence that this attack was ordered by the IS or logistically supported by it. It is not, in fact, clear whether the IS is planning any attacks in Europe.

IS strategy is primarily directed at securing and expanding the territory it controls in Syria and Iraq. This is demonstrated for instance by the fact that European fighters are frequently used as suicide bombers on the ground in the Mideast – instead of being sent back to their home countries. From June to September alone, the IS reported the deaths of five German suicide bombers in Iraq.

That does not mean that IS will not start ordering attacks in the Western world. It is competing against al-Qaeda. IS leader, Abu Bakr al-Baghdadi made it clear when he declared the caliphate in June 2014 that he sees himself as the rightful heir to Osama bin Laden as the leader of jihadists the world over. In order to succeed, he will have to carry out an attack in the West sooner or later – because that is the only kind of activism that will attract worldwide attention over any length of time.

In addition, the IS has come under greater pressure since the start of airstrikes by the US and its allies in Iraq in August and in Syria in September. It takes only a small leap of logic to see that the resolve of wobbly old Europe could be weakened by terrorist attacks at home.

Despite this, the far more concrete and immediate threat is not from the IS but al-Qaeda. The US government agrees with that assessment, as demonstrated on Sept. 22 when it began airstrikes against IS positions in Syria. The first cruise missiles, rockets and bombs also hit targets in Idlib province in the north of the country – surprisingly, as the IS had abandoned its bases there at the start of the year.

Washington made no secret of the fact that those attacks were not directed against IS but against a previously little-known group known as Khorasan. Several Obama administration officials described it as a far greater terrorist threat to the West than the IS.

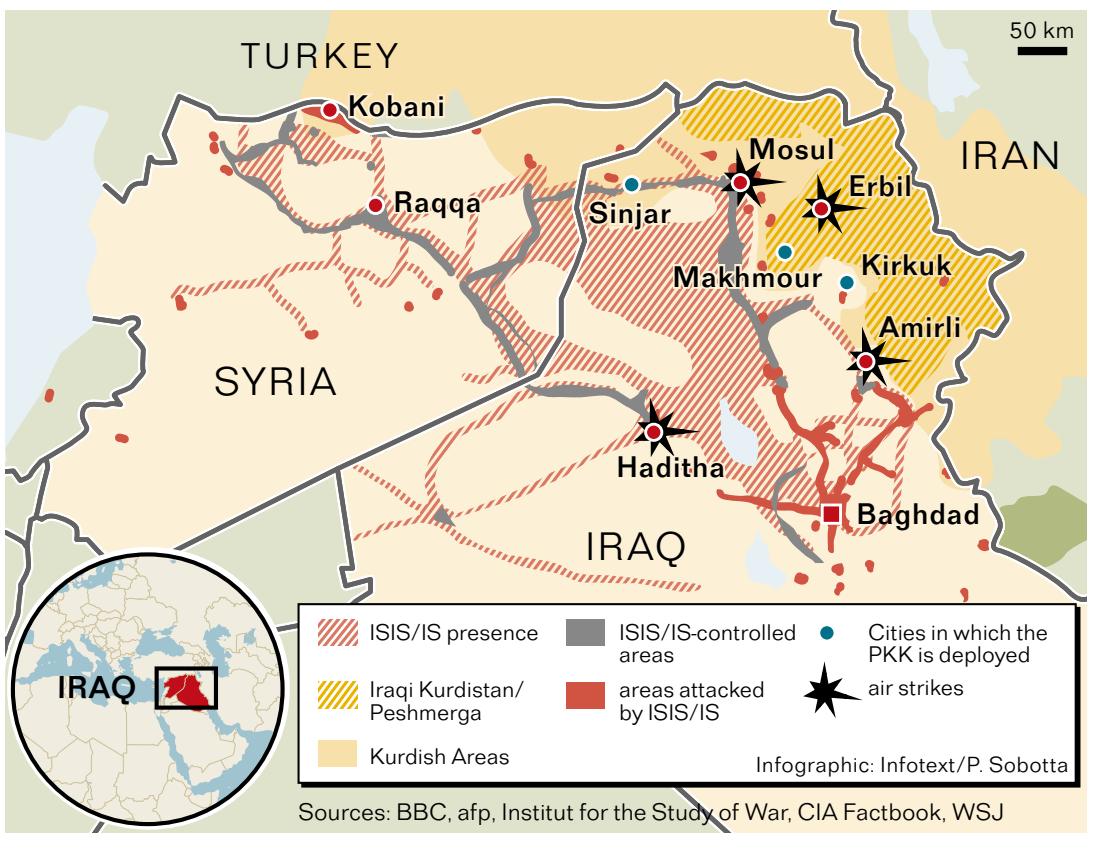
Jihadists use the name Khorasan for Afghanistan; the Khorasan group is largely made up of al-Qaeda members coming to Syria from Pakistan, Afghanistan and Iran to join the local al-Qaeda branch, the Nusra Front. And because the Nusra Front is especially strong in the province of Idlib, it was only logical for the Khorasan group to establish its headquarters there.

US intelligence services report that the group tried to get recruits from western countries to carry out attacks on air traffic, even keeping open channels to al-Qaeda in Yemen, which had experience in that area. Just how concrete the information was, was reflected in the US terrorism warning in July 2014. Based on the intelligence from Syria, the warning meant that travelers on transatlantic flights had to prove that the batteries in their electronic devices were charged.

Such measures were a pointer to the extraordinary creativity of Ibrahim Assiri, a Saudi bomb maker in the Yemeni al-Qaeda – and a Jihadist legend. In 2009 and 2010, he prepared explosives to be hidden in the underwear of a suicide bomber and in two printer cartridges. Both attacks were aimed at blowing up passenger jets preparing to land in the US. Both attacks were foiled. Assiri, the Americans believed, was linked to the Khorasan group and may even be in Syria.

It is not clear how successful the airstrikes were. There are indications that the Khorasan leader, a Kuwaiti called Muhsin al-Fadli, was killed. However, the fact that the US Air Force flew a new series of missions against Khorasan targets in Idlib shows that at least part of the group was able to get away. But their activities are likely to continue.

Syria is full of European and Turkish volunteers who could be recruited for suicide missions on Western airplanes. Yemen's al-Qaeda has frequently shown that it is capable of more than just getting small amounts of explosives with potentially large effects on board transatlantic flights. The technical possibilities exist – possibly even in Syria – and they will not simply disappear, even if Assiri is killed or captured. In the coming years, the connection of European recruits with al-Qaeda's technical knowhow will present a more concrete and increased danger for Europe and the US than the IS does. ■



Sources: BBC, afp, Institut for the Study of War, CIA Factbook, WSJ

Europe's not imploding

Despite Catalonia and Scotland the old continent is not reverting to destructive, small minded nationalism | By Paul Hockenos

PICTURE ALLIANCE/ZUMAPRESS.COM/JOAN MANUEL BAUELLAS

In today's Europe, civic nationalism predominates over ethnic nationalism: A building in Barcelona flies the "Senyeras" flag of Catalonia and the region's "Esteladas" independence flag on Nov. 9, the day of the symbolic ballot on whether to break away from Spain.

At the end of the day, only 40 percent of the electorate took part in the informal referendum on independence for the Spanish region of Catalonia. But of those, 80 percent favored statehood. Scotland's independence bid may have failed – but the whole affair revealed powerful grassroots support for a Scottish state.

Given the chance, perhaps the Basques, the northern Irish, Flemish, Corsicans, South Tyroleans, and others would give it a shot, too. And across Europe, nationalist, anti-EU parties are on the rise, led by politicos who want beefed-up borders, fewer foreigners and more state revenue (or even territory) for their particular volk.

Is 21st century Europe reverting to the destructive, small-minded nationalism that triggered World War I and put the continent on a road to ruin a hundred years ago? And could the European Union's vision of a united transnational Europe be out of step with the average European burgher?

One could be forgiven for concluding as much. But Europe's not imploding. Nor is the EU's greater vision out of kilter with the zeitgeist. Rather, the relationship between Europe's nations, states, regions and shared institutions is in flux. The rash of secession-minded movements underscores the necessity that the Brussels community change more profoundly and rapidly.

First, let's take a look at nationalism itself: Modern nationalism took two routes: the ethnic and the civic varieties.

The ethnic nation, on the one hand, is infused with Romantic notions of seamless racial communities bound by blood, territory and destiny. In the world of ethnic nations, one nation is always superior and destined to rule over territory as well as other peoples.

As intellectuals such as the British historian Eric Hobsbawm and German philosopher Hannah Arendt argued, the nativist ethnic nation was at the root of the 20th century's terrible bloodshed. In power, ethnic nationalists inevitably pursue authoritarian courses at home and aggressive, expansionist policies abroad, like those that paved way for the century's world wars.

Civic nationalism is another story. Its members are bound by common values and political ideas, not biological or other pseudo-scientific characteristics. Civic nationalists – one thinks at once of John Stuart Mill – espouse tolerance, equality and individual rights. The civic nationalist may be proud of his nation, but not at the expense of other nations that have similar legal rights.

In today's Europe, civic nationalism is, for the most part, the order of the day and the foundation of contemporary nation-states. The EU would be impossible without it; indeed, the EU's supranational essence is the antithesis of the narrow, defensive, ethnically defined polity. Our nation-states may have labels and majorities associated with one people (France, the French; Germany, the Germans, and so forth) but this doesn't automatically manufacture inequality or foster discrimination. One can be proud to be German or French and still be a good, civic-minded democrat and EU enthusiast.

Until now, EU membership and the processes of European integration have worked to transform the nature of the European nation-state, making it more civic and less ethnic. In most of Europe, borders that were once impenetrable and militarized are today permeable and peaceful, open to the free flow of goods, people and ideas.

By interconnecting Europe's nation-states through trade, cultural programs, economic policies, political priorities and the euro, individual European countries look altogether different than they did in the first half of the 20th century. National sovereignty has become more diffuse, with a considerable proportion of policy being set by the EU, as well as regionally and locally.

In theory, EU membership implies that power within national states is decentralized, with ever more decisions being made at the local, rather than the national level. This is the "Europe of regions" – a favorite EU buzzword – that has been at the heart of the European project since the beginning.

In practice, it means imaginative forms of autonomy and federation, also called "home rule," as well as cross-border governance where these "regions" straddle state lines. But while the EU vigorously promotes regional governance, it often fails to live by its own principles and has over the years accrued much broader decision-making powers that could be exercised locally rather than in Brussels.

This is the context for understanding – and evaluating – the confusing European landscape before us today. The Catalan and Scottish independence movements are largely civic-national campaigns – pro-EU, open to the world, environmentally conscious – pushed to drastic measures by stubborn states that refuse to loosen the reigns. After all, Spain is still a central state that regularly locks horns with Catalonia over the wide-ranging autonomy that its people demand. The same goes for Great Britain's relation to Scotland. And Brussels has hardly been generous in loosening its control in favor of Europe's local and regional entities.

The answer need not be damaging all-or-nothing campaigns that set up new national states, new bureaucracies, and new borders. What Europe needs is more civic-minded nation-states with flexible federal systems and devolved power structures including self-rule for regions.

Enhanced political and fiscal autonomy would take the wind out of separatists' sails and undermine the need for referenda. It might even put a damper on Europe's resurgent ethnic nationalism. Many of the far right parties that have made strong gains at the ballot boxes in recent years – in Hungary, France, Italy, Romania, Belgium and recently even Germany – cloak their jingoist, racist agendas in the jargon of self-determination.

The critical lessons that Europe's political elite would do well to take away from Scotland and Catalonia should be the same as the ones that invigorated European integration from the beginning: more democracy, fewer borders. There's a middle road between out-and-out separatism and rigid centralized states, even if finding it will be time-consuming and contentious. ■

The Mazar Consulting Group

In Afghanistan, the Bundeswehr will be doing more advising than fighting. Very few troops will ever leave the last German base in the north

By Eric Chauvistré

PICTURE ALLIANCE/AP PHOTO/MASSOUD HOSSAINI

German soldiers participate in a memorial ceremony during a visit by NATO Secretary General Jens Stoltenberg to Camp Marmal in Mazar-i Sharif on Nov. 7.

The Black Hawks that touch down at the German base Camp Marmal in North Afghanistan look as if they had been in combat more than once. When the aging US Army helicopters approach the dusty tarmac in Mazar-i-Sharif, they might be expected to drop off an exhausted platoon. Instead, when the doors open, only lightly-armed officers in dry and clean uniforms get out of the choppers.

The officers are part of a fifty-man multinational team of advisers returning from their daily mission to a nearby camp of the Afghan National Army. Staff officers from Germany, the Netherlands, Latvia and various other European states fly over in the morning, meet with their respective counterparts, offer advice, discuss future projects – and, after lunch, board the helicopters for the ten-minute flight back. From the beginning of 2015, teams like this one will be at the core of the German mission here at Camp Marmal, the last remaining Bundeswehr base in Afghanistan.

"You have to see it like the work of a consulting firm," said Brigadier General Harald Gante. He is the commander of the international force in Northern Afghanistan of which Germany is the lead nation. The Afghan troops, Gante explained, no longer need to be assisted in combat operations. Instead, they needed advice in areas such as logistics, IT and personnel management. „It is about observing processes within the Afghan army from the outside and reacting when deficits are identified," said Gante – sounding in fact more like a business consultant than the experienced soldier he is.

The new focus on advising – in line with Nato policy – is yet another strategic twist in the 13-year history of German involvement in Afghanistan. It was shortly before Christmas Eve 2001 when the Bundestag first approved German participation in the International Security Assistance Force (ISAF). What started as a six-months low-profile mission with a mandate limited to the capital Kabul was to become the longest, most comprehensive and deadliest mission of the Bundeswehr. It signaled a historic turning point for the German military. In Afghanistan the Bundeswehr became a combat army; 55 German soldiers lost their lives.

Even though the ISAF mission is due to end on Dec. 31, 2014, German troops will stay in Mazar-i-Sharif for another year as part of

what will then be called Resolute Support Mission or RSM. Only 12,000 international troops are to remain in Afghanistan under the new mandate – a small contingent compared to the roughly 120,000 that were once deployed here.

Of the once 5,000 German troops in Afghanistan, only 800 will be left by the end of the year – 600 at Camp Marmal, 200 at allied headquarters in Kabul. By the end of 2015, Nato intends to concentrate all troops in the capital. If all goes to plan, the German-run base in Mazar-i-Sharif will then be given up completely.

To be able to run and secure the camp with a force of this size, the Bundeswehr is increasingly dependent not only on traditional allies but also on non-Nato member states like Mongolia and Armenia. To compensate for the dramatic reductions, the Bundeswehr is now going even further. "Certain tasks, including for example the Quick Reaction Force, may soon no longer be assumed by German forces", said Brigadier General Gante. In fact, Georgian troops are due to take over its tasks at the beginning of next year.

The Quick Reaction Force is the last remaining combat unit in the camp – a highly mobile force, currently staffed by Bundeswehr mechanized infantry troops from Munster. Their task is to show presence in those areas nearby the base which could be used as launch sites for rocket attacks against the camp. Handing over the QRF to Georgian troops would leave Germany – apart from an unknown but reportedly modest number of soldiers from the German Special Forces Command KSK – with no genuine combat troops on the ground.

Not everybody here feels comfortable about that. Some of the current QRF soldiers served in Kunduz on their previous tours and point out how the situation slowly but steadily deteriorated after the Germans pulled out a year ago. There was heavy fighting at the outskirts of the city this August. Command posts built by the Germans at the time reportedly came under attack. And the Afghan army and police were only able to push back the insurgents with the help of multiple US airstrikes. German aid workers, who continue to work in Kunduz, had to leave the city.

Should situations like the one in Kunduz reoccur, the wisdom of focusing on consulting without maintaining a substantial combat force may indeed be questioned. And even the current roadmap for Nato withdrawal may come up for debate. At a closed session of the Bundestag foreign affairs committee in October, Chancellor Angela Merkel seemed to cast doubt on whether there would be a complete withdrawal of Nato troops from Afghanistan by the end of 2016. Referring to developments in Syria and Iraq, Merkel reportedly announced that she would approach the US government again and talk about a new time line. ■

Wind farm in Tanger, Morocco.

PICTURE ALLIANCE/DPA/DESERTEC FOUNDATION

No desert electricity for Europe

Planned gigantic solar power stations in North Africa will not be built as Desertec focuses on smaller projects | By Wolfgang Mulke

Germans are usually critical of technological visions – so few investment projects are applauded and approved in Germany as heartily as the solar power enterprise Desertec. When it began five years ago, commentators employed every superlative to describe what they supposed would be the answer to all of Europe's energy problems. The idea still sounds simple – produce large amounts of power where the sun usually shines and the wind blows strong, in the desert regions of north Africa, and transport it via long power lines to the markets of Europe's industrialized nations.

This visionary plan was developed for the Desertec Foundation by a group including German physicist Gerhard Knies, Germany's national aeronautics and space research center, and members of the Club of Rome. The Foundation aims to supply the world with renewable energies from desert regions. The Desertec Industrial Initiative (DII) was quick to grow alongside it, with up to 50 companies involved at its peak.

Germany's most important companies were on board. Power utilities RWE and E.on, Siemens and Bosch, construction firm Bilfinger, even Munich Re and Deutsche Bank joined the initiative. "It's a success story," says Foundation chairman Andreas Huber. "For the first time, industrial enterprises got together behind the vision of an NGO."

The generators in the Middle East and North Africa were meant to produce 15 percent of Europe's energy needs by 2050. But that would have required massive investment. DII experts estimated that solar power plants and high-tension power lines over the Mediterranean would cost around €400 billion. The lure of lucrative contracts appears to have been one of the things that pulled in the corporations.

Several studies supported the project's feasibility at first. In the year of its founding, both Greenpeace and the Club of Rome predicted that building these clean power plants would create 240,000 new jobs and value of €2 trillion for the German economy by the middle of the century.

But then the project's commercial backers began to pull out. Observers cite a number of reasons for this. Among the partners were competing companies, and there were very different ideas about business policy. Siemens and Bosch pulled out because they sold off their solar technology divisions. On top of that came the political uncertainty in the region and the boom in renewables in Germany – the development of the market there cast doubt on the project in the view of some of the companies involved.

In October Munich Re – one of the driving forces behind the DII – dropped out. Now the only partners left are energy provider RWE, Chinese network provider State Grid and the Saudi energy company ACWA. The DII will provide consultancy services for the parent companies. To the media, this decision meant that Desertec was finished, the desert dream over.

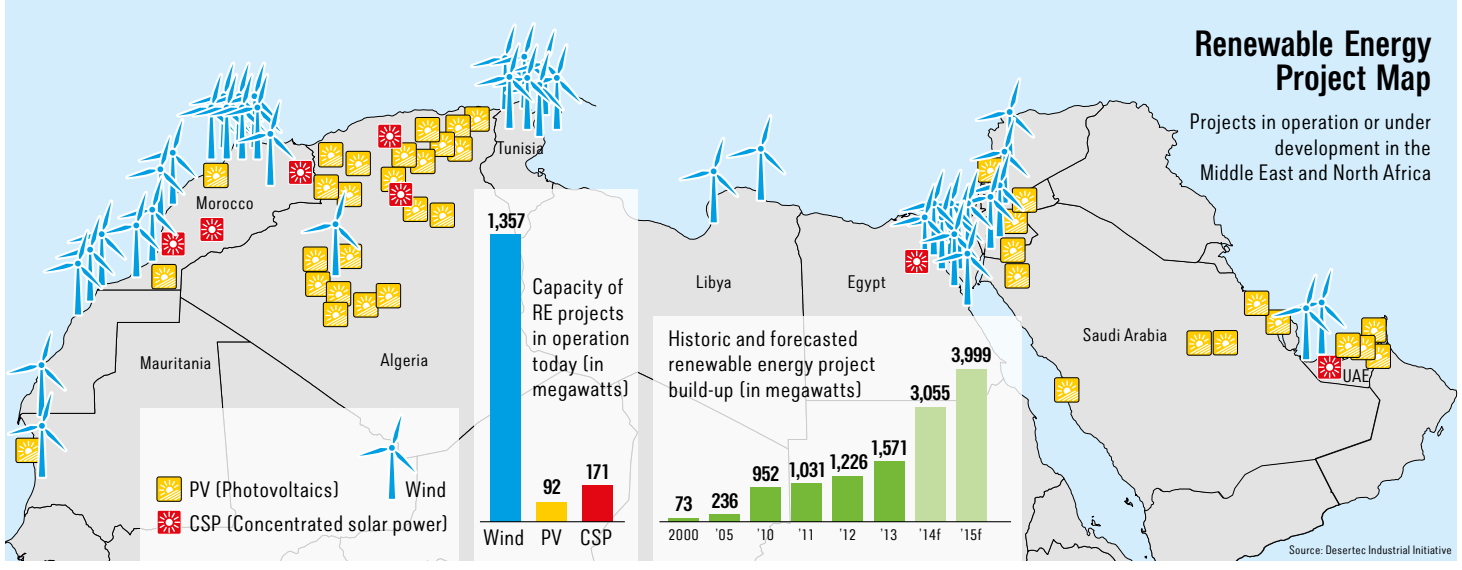
But that is not neccessarily the case. "Much of this is a perception problem," DII spokesman Klaus Schmidtke admitted. He says it is all about providing electricity in the North African and Middle East countries themselves, where demand has increased with a sharply expanding economy. The DII was only meant to run for five years anyway, he said. The company carried out feasibility studies in that period, sought the necessary political background and looked for potential locations for power plants.

"The DII did all that," said Huber. In addition, a number of individual plans got started, such as a 300 megawatt photovoltaic plant in Algeria. More than 70 plans are currently being carried out, according to the DII. By the end of the decade, a capacity of 35 gigawatts will be on line.

Even though the ambitions have been mightily scaled down, the Desertec Foundation continues to propound the desert power idea. But it is now about many small projects instead of an Afro-European electricity union.

That idea faced resistance from people on both continents. "Africans were afraid of exploitation and a new colonization, Europeans of terrorism and dictators," said Huber. By the time these objections were laid to rest, far more time had passed than originally thought, he said.

Therefore, the Foundation's main task now is raising awareness around the world. "Politics, business and civil society all have to recognize that deserts are their wealth," Huber said, pointing out that in countries like Saudi Arabia, Morocco, Egypt and Tunisia, this awareness has grown. With that support, companies are returning and investing in power plants, the chairman said, all around the world. ■



PHOTOXPRESS/VISUM

How reliable is the flow of gas from Russia to Europe? Gas distribution stations in western Siberia.

Renewables or Russia

Europe needs to coordinate its energy policy but can't even agree on the key targets of an overhaul | By Hannes Koch

Few had reckoned with the development: At the close of 2014, the price of petroleum is more or less at the same levels as ten years ago – at between $70 (€56) and $80 per barrel. Before the financial crisis, the barrel price was almost twice as high at $147. Now the global demand for oil is growing, but the price is going down.

Primarily this is because the supply of crude oil is increasing, mainly due to the increased use of fracking in the US, but more oil is also coming from Libya and Iraq. In order to shore up its market share against the competition, Saudi Arabia recently lowered its prices.

Motorists, homeowners and tenants are happy about falling energy costs. But businesses and politicians basing their strategies on rising energy costs are being thrown off-kilter. This is particularly the case for the European Union, which promotes the production of renewable wind and solar energy and underlines the importance of climate protection.

What's the point of expensive efforts to overhaul the energy system, many are asking, when contrary to all expectations, fossil fuel is not getting more expensive, but basically cheaper again? "The low price of oil is hampering the necessary reconfiguration and reorientation of European energy policy," said Kirsten Westphal of the German Institute for International and Security Affairs (SWP) in Berlin, which advises the government.

The European policy stance on energy is in any case a contentious issue. It is a laborious process to find compromises between the German preference for renewables, the Polish for coal, and the French and British for nuclear power. Then, in view of the civil war in the Ukraine, there is also the pressing question of energy security: Should Europe not be making itself less dependent on gas and oil supplies from Russia? The falling price of oil is another uncertainty factor that European energy politicians would therefore rather do without.

To maintain supply security at acceptable prices, the new EU Commission under Jean-Claude Juncker is currently underlining three directions for reform. Firstly, the plan is to increase energy production from clean sources. "I'd like Europe to be the global number one in renewables," said Juncker in his keynote speech to the European parliament on July 15.

This approach is backed up by the assumption that a high number of wind and solar power plants has several immediate advantages in the long term: lower production costs than in fossil systems with oil, gas and coal, increasing independence from unreliable external suppliers plus containment of dangerous climate change.

Secondly, the focus is also on diversifying supply channels for fossil energy sources to reduce dependence on Russia. And thirdly, the Commission aims to improve the EU's internal energy market, what's known as the energy union, to make it easier for the 28 member nations to support one another. But all three goals are disputed.

With regard to regenerative energy sources, the latest resolutions passed by the 28 governments appear to be far-reaching and rigorous. By 2030, EU members aim to reduce greenhouse gas emissions by 40 percent on 1990 figures, as well as increase the share of clean resources and energy efficiency by 27 percent.

SWP economist Westphal nevertheless remarks: "Renewable energies should be afforded a greater status. In this respect, the EU Commission program to 2030 is a step backwards. It's leading to less European integration and moving further away from a coordinated policy."

At first glance the renewables target of 27 percent sounds good, but governments have not been able to agree on concrete targets for each individual member nation. What should Poland's target be, for example, and what about France? This question remains open.

While Germany has already hit the 27 percent target with green electricity, other nations are not being compelled to make more concerted efforts. This means it is feasible that the target will be missed and the EU will pass up on the chance to acquire the decisive key to solving its energy problems.

In the light of these considerations it also appears equally questionable whether the diversification goal is realistic. Europe has in the meantime established a considerable dependence on Russia. Also as part of an attempt to make itself more self-sufficient with regard to suppliers in the Middle East in the wake of the oil crises of the 1970s, the EU is now reliant on Russian pipelines.

More than a third of its entire gas and oil requirement is supplied by Gazprom and other Moscow entities. The dependence increases as you move across from western to eastern Europe, country by country. Russian gas doesn't figure at all in Spain, in Germany and Italy it has a 36 percent share of the market, in Austria 60 percent and in the Baltic States and Finland, 90 to 100 percent.

"It is expensive and arduous to replace oil and gas imports from Russia with supplies from other sources to any significant degree," said SWP expert Westphal. This would initially require the construction of new pipelines with protracted negotiations and planning processes. And once a new pipeline such as the Tanap project to Azerbaijan is completed in 2019, it raises another question: Is Europe not jumping out of the frying pan and into the fire? Are we not just swapping one authoritarian supply country for another that is organized in a similar fashion and one that is also located in a crisis region?

Aside from Russia, the world's large conventional gas reserves are located in Turkmenistan, Qatar, Iran, Libya and Algeria – none of them unconditionally attractive cooperation partners. But by working together with these nations, Europe could at least manage to slightly scale down Russia's influence on energy supply. In addition, fracking gas and oil from North America represents a new reliable source of fossil energy. It is however not yet clear how abundant these sources might be for Europe in the future.

The third European reform approach – the energy union – is also on shaky ground. The EU Commission has identified dozens of inefficient weak spots: opportunities for the better integration of energy grids still primarily functioning on a national level. There has been little evidence of any major rapid progress in this regard. The aim is to have 15 percent of electric power moving across borders by 2030. If change remains at this pace, the supposed EU energy policy overhaul will have more of a theoretical than a practical relevance. ■

Is TTIP a Trojan Horse? No, says EU Member of Parliament Elmar Brok, we need the trade agreement.

CARO FOTOAGENTUR GMBH/TEICH

‘We need this free trade pact’

If the EU and US don’t set the standards, China will | By Elmar Brok

The EU and US are each other’s closest partners, both economically and politically. Yet our partnership needs more than continuity to thrive. The TTIP free trade pact is a unique opportunity of strategic dimensions, both economic and geopolitical. Together, the EU and US account for 57 percent of global GDP with 11 percent of the world’s population.

Our mutual economic clout permits us to maintain high standards, in goods and services, social welfare and consumer protection. Yet we also face global competition. If we fail to cooperate, we cannot hope to defend our prosperity in the world.

This is why the EU and US must stand together with equal partners for common values such as the dignity of all people and all our common interests. The free trade agreement would help strengthen our position. In association with the US, we Europeans want to take part in shaping the global economy in the 21st century, instead of leaving the task to other actors such as China.

The economic aspect of TTIP can be summarized in just a few words: growth, jobs, and prosperity. Already now, the transatlantic economic space is the best integrated one in the world.

Yet with a common economic area with mutual standards, we could save €130 billion every year. Eliminating tariff- and non-tariff trade barriers would add 1 percent to our annual GDP growth, a total of €119 billion.

The pact is a cost-free economic package for more growth, and more and better jobs. Estimates for the pact’s job creation effects in Europe stretch up to 1.3 million. That would be up to 5 percent of the 26 million people currently unemployed in the European Union.

Yet we must regard TTIP not only according to its economic, but also its domestic political and geopolitical aspects. In the future the EU, unlike the rising emerging economies, will no longer be a defining force in the world. Only together with the US will it be able to set global standards for competition, investment and the protection of intellectual property in the 21st century.

Common standards lead not only to greater choice of products for consumers and to lower production costs. Mutual recognition, for example, of testing certification in the auto making and pharmaceutical industries would bring substantial cost savings.

Yet this is also a matter of preserving the West’s position in a world increasingly influenced by emerging economies. If the US and the EU fail to set the world’s standards, China will do so in their place. However, if the EU and US use this unique opportunity, they will succeed in imposing global economic rules based on their own model of democracy and the market economy.

This means in no way that TTIP is a defensive project. On the contrary, TTIP must remain open to new members. The trade pact is being negotiated first between just Washington and Brussels. In the medium term, however, extending TTIP to the NAFTA region would make very good sense.

This seems all the more apparent as the EU already has a free trade agreement with Mexico and is about to conclude another one with Canada. European states such as Norway and Switzerland are also welcome to join the pact. Here, too, the main emphasis would be to set standards that would later be reflected in other treaties. TTIP could therefore become the basis for more agreements with other states.

TTIP is also being regarded in most emerging economies as an incentive to push reforms and attain higher standards autonomously. Chinese commentators may remark that TTIP is directed mainly against China and other BRIC states (Brazil, Russia, India, China), and that together with the United States, the EU is trying to use this agreement to dominate world trade. Yet it’s interesting to note that more economy-based voices are seeing it in their own interests to orient themselves on European-American standards, thereby strengthening the protection of jobs, the environment and consumer protection in China.

The TTIP pact could therefore provide impulses for international cooperation on technical guidelines and norms. The aim is to go beyond a mere free-trade pact.

Overall this is a matter of going past a normal free trade agreement to forge the greater multilateral trade system and set the global rule book.

Moreover, neither of the two sides wants to see these standards diminished. The original regulations are being taken very seriously. Wherever standards really do diverge, and harmonization or mutual recognition proves impossible, negotiations in that area cease.

We want TTIP, but not at any price. The transatlantic partners are therefore in agreement that standards can be mutually recognized only when the other side’s standard demonstrably provides a similar level of protection for consumers and the environment. There is no give or take on this point and it is not a subject for negotiation.

■

Elmar Brok is a Member of the European Parliament and chairman of its Committee on Foreign Affairs.

Waning approval

Germans’ approval of the planned TTIP free trade agreement between the EU and the US is waning. An Emnid Institute survey commissioned by the consumer advocate group Foodwatch found that 48 percent of the approximately 1,000 people interviewed considered the pact “a good thing.” 32 percent expressed opposition and 2 percent were undecided. 12 percent did not provide an answer. Last February 55 percent expressed approval of TTIP, while 25 percent said the planned pact was “a bad thing.”

However, 85 percent of those surveyed said that increased trade by Germany with other countries was either very good or good for the country.

Essential partners

The transatlantic economic space consisting of the European Union and the US generates about 47 percent of global GDP and some 60 percent of all foreign direct investment. Europe is the United States’ most important market. One quarter of all US exports went to the European Union in 2013, totaling goods and services worth $584 billion. A stunning 56 percent of the total $4.7 trillion of US global direct investment is in EU states, or $2.6 trillion. These figures were recently presented by the Germany Trade & Invest (GTAI) agency, which is supported by Germany’s Economics Ministry.

98 percent of the US companies exporting to the EU are small and midsized enterprises with fewer than 500 employees, but these account for only a third of the total export volume. Multinational corporations account for the remainder.

While southern European countries became less attractive to investors during the crisis years, Ireland, Luxembourg and the Netherlands raised their foreign investment volume. The main reasons, according to GTAI, were the “low corporate taxes” in these countries, thanks especially to the holding companies that allowed them to lower their tax burdens.

That could change, as politicians on both sides of the Atlantic have been aiming to close known tax loopholes such as the “Double Irish with a Dutch Sandwich.” Doing so, however, would require “cooperation at the international level,” the GTAI says.

In the opposite direction the US remains Europe’s biggest trade partner. In 2013 the EU sold goods and services worth €288 billion ($359 billion) – €88 billion from Germany alone – and made purchases worth €196 billion (Germany: €96 billion). The US is Germany’s second biggest export market after France and its number four source of imports.

The sum of foreign direct investment also rose in the US in 2013. German companies have continued the trend in the current year, investing in more than 50 acquisitions worth $64.5 billion, according to Thomson Reuters. In 2013 that figure was only $2.8 billion. Reasons for the investment leap include low interest rates, stronger US economic growth and the shale gas boom. ■

US direct investment in the EU according to sector
In $bn

	All sectors	Manufacturing	Other	Holdings (non-bank)
EU 28	169.2	25.5	26.3	117.7
Netherlands	57.6	4.9	0.3	52.4
Luxembourg	42.8	1.3	-0.2	41.7
Ireland	29.6	2.2	16.5	10.9
Switzerland	5.3	4.0	4.5	-3.2
Germany	-0.9	2.1	-1.1	-1.9
Other	34.8	10.7	6.3	17.8

US direct investment in Europe
2010 - 3rd quarter 2013 in $bn

Europe total	740.3
Netherlands	217.6
Luxembourg	160.6
UK	145.4
Ireland	92.0
Switzerland	32.2
Germany	19.7
France	10.2
Other	62.6

Source: Germany Trade and Invest

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Reflecting on data security: The Cyber Security Summit in Bonn hosted by Deutsche Telekom and the Munich Security Conference in Bonn.

DEUTSCHE TELEKOM AG/THOMAS OLLENDORF

Doubling down on data security

Can transatlantic treaties stop data theft, hackers and spies?

By Varinia Bernau

It has long been considered a sign of weakness to talk about one's own vulnerability. But Deutsche Telekom CEO Timotheus Höttges is prepared to do so to demonstrate the dangers that IT networks face. And because he has made it his job to spearhead the fight against data thieves, hackers and spies. Telekom estimates there are around one million attacks on its network – every day. Two years ago the number was only 300,000, Höttges said. "Hackers work in silence, they work fast, and they are highly dangerous," he warns.

In early November, business and political leaders met for the third year running at the invitation of Deutsche Telekom and the Munich Security Conference (MSC) to discuss the most urgent issues in digital security. The Cyber Security Summit, initiated by Deutsche Telekom and Wolfgang Ischinger, the chairman of the MSC, has almost become a peace conference for the virtual world.

However, in the debates which take place, the description of increasing and ever more aggressive attacks on one side and the perplexed search for an effective response on the other, it is clear that there is a long way to go before any peace deal is signed. "So far, we are just trying to contain the damage. There is no peace plan, no human rights charter for the digital world," is the alarming conclusion drawn by Elmar Thevessen, security commentator for the public broadcaster ZDF.

The threat of cyberattack has grown in direct proportion to the shift of everyday activities to the Internet. An Allensbach Institute survey showed that nine out of ten German businesses have registered attacks on their IT systems. The Center for Strategic and International Studies (CSIS) puts the damage from such attacks worldwide at $575 billion last year alone.

"So far, we're just trying to contain the damage." Elmar Thevessen (left), deputy editor-in-chief of ZDF public television, with Siemens board member Siegfried Russwurm and Allianz board member Christof Mascher at the 3rd Cyber Security Summit.

DEUTSCHE TELEKOM AG/NORBERT LITTERMANN

And when cities and factories become completely connected in an Internet of things – which according to market analysts will vastly increase productivity – the threat of cyberattack will rise further.

That was one reason why Höttges, in his opening address to the conference, called for "a kind of NATO for data security." Karl-Theodor zu Guttenberg, former German defense minister and now a technology security consultant, expressed his doubts that the conflicts of the future can be solved using the mechanisms of the past. He criticized the lack of institutions integrating emerging IT powers such as China and India. He also expressed concern at what he described as a "transition from government to Googlement" – the fact that private enterprises, particularly Google but not only Google – now know much more than governments do about millions of peoples' activities online.

Höttges also slammed Google – and not only because its business represents a massive offensive against classic telecom providers. The man who portrays himself as a committed European in this discussion is well aware that information is becoming the world's most important raw material – and that the outlook is bleak for Europe if a US monopoly has its hands on the entire globe's data riches.

It is clear – chiefly due to revelations by former NSA contractor Edward Snowden – that Google has handed over more of this data to US authorities than the company can be comfortable with. It is not clear to what degree this cooperation was voluntary. Nor is it clear how greatly users' faith in the Internet has been shaken. Certainly, Google is doing all it can to mitigate the loss of trust – even adding automatic encoding to its current operating system.

It is an act of self-defense – against the authorities, which are considered to be wildly overzealous. But what does it mean for a society to prize encoding as the ultimate weapon against hackers – if a private enterprise holds the key to all data? Many of the delegates at the Cyber Security Summit felt that there had been too little discussion on this issue. "Companies operating globally have become a channel for national security interests, but also their victim," said Thevessen.

Yet because it is companies and not states that drive the development of new technologies as well as the streams of data, a broad-based discussion is needed to find ways for society to deal with the dilemma. "It is not enough for Google to say "the data belongs to us."

But most executives are facing very practical problems. Firstly, the complex question of which system really is secure. Secondly, how to do business across national borders and in differing cultures and legal systems?

Isolation is not the answer – that much became clear at the Cyber Security Summit. Nor is it possible without the Americans – whether as customers, business partners or as Internet technology and software providers.

Siegfried Russwurm, Siemens' chief technology executive, says his company conducts just half its business within the Schengen area, the border-free zone within the EU. Therefore, the idea of keeping all its data traffic within Schengen – and therefore safe from access by US secret services – is "not exactly ideal, to put it politely." Russwurm pointed out that US jurisdiction is the one under which sooner or later everyone has to do business – a sentiment supported by representatives of other German blue chip companies. "Do we like it? No. Will we continue to do it? Of course – the market is simply too important."

Russwurm thinks the only possible answer to the dilemma rests in transatlantic treaties – in tough negotiations like those currently underway over the free-trade deal TTIP. "I think it is more important to discuss IT standards than to talk about whether a car indicator should blink red or yellow." ■

Big data: privacy is a must

On its 40th birthday, the Aspen Institute Germany wanted to give something away: for the first time, the German branch of the organization handed out its Shepard Stone Award for Outstanding Transatlantic Leadership. The prize is named after the founding director of the Aspen Institute Germany. It was awarded to Matthias Döpfner (51, below), the chairman of the media group Axel Springer, publisher of the German daily Die Welt *and the popular tabloid* Bild.

At a ceremony in the atrium of the Deutsche Bank in Berlin on Oct. 9, former US Ambassador to Germany Philip Murphy paid tribute to Döpfner. In his speech before 150 invited guests from politics, culture and commerce, he called the Springer boss "my hero," saying he actively promotes the transatlantic alliance, steadfast support of the state of Israel, the further unification of Europe, and the embrace of the principles of a free, social market economy. Below is an excerpt from Döpfner's acceptance speech:

CHRISTIAN KRUPPA

"Big Data is one of the very few examples where Europe may be ahead of America when it comes to the sensitivity about the use and misuse of data. When it comes to the whole discussion about total transparency.

"It has to be understood that the Americans have been influenced by the iconic trauma of 9/11 whereas the Europeans have been influenced by the iconic traumas of the Stasi and even more importantly by the trauma of the Nazis and the Holocaust. And the Holocaust for example was a system that was based on the idea of total transparency. Because of total control and transparency, the Nazis knew who was a Jew, the Nazis knew where Jews were living, the Nazis knew at what time they could pick up the Jews and put them in the concentration camps. This was a system based on total transparency and of the total use and misuse of data. And I think this trauma explains why there is more German and European sensitivity about it.

"We cherish and applaud all advantages of a digitization of society that is based on data, but we have to have this discussion about the limits as well. And I take a bet today that in five to seven years there will be a totally different discussion in the United States as well.

"I cannot imagine that a country and a people that to me are much like the lighthouse of freedom, a society that is based and founded on the idea of freedom and individualism, will and can accept in the long run that there is no privacy because everything is shared with everybody. And I think the principle and the assumption that if you have nothing to hide, you have nothing to fear, is one of the worst and most terrible principles. That is a principle of a totalitarian system.

"It definitely is of strategic importance that America and Germany stick together because we are facing common challenges. China is a superpower that is basically trying to change the world based on the principle of a non-democratic system. Russia is a force that is in a way trying to re-establish its former geostrategic zone of influence, a power policy that is deeply rooted in the 19th century. And then of course the whole Middle-East: Syria, Libya, the Israeli-Palestinian conflict and ISIS shows that we are subject to a common threat: Islamist terrorism. And that we have to stick together in order to prevail with our ideas of freedom and democracy.

"It is very simple: The idea of the Free West, of democracy, of freedom and human rights is simply the better concept. In that spirit, we should be proud and simply acknowledge that we are the good guys. In that spirit we should work together because we need a strong transatlantic alliance." ■

Keeping tabs on big data

The rough road to EU digital rights reform

By Ulrich Hottelet

Those hoping to take out a loan in the future would do well to think carefully about what they post on social networks and how often. Because big data can analyze and rate them – a rating which may later serve as a basis for banks to decide whether they grant a loan or not.

That kind of profiling by service providers and the banks themselves is likely to expand. But it may be banned under EU data protection reforms if EU institutions can agree on tough enough legislation.

Business and policymakers hope to pass EU data protection reforms soon. There are major hopes for greater legal certainty and for simpler, clearer regulation of competition and a uniformly high standard like that of Germany's Federal Data Protection Law. It's felt that there is no other way to regain consumers' faith in the safety of their data. That, in turn, is essential for online business.

German and European IT companies are hoping that more effective data protection will give them the edge over their US competitors. The rules would apply to all companies which offer their services in Europe even if they are based outside the EU.

But the regulations have run into trouble. They are meant to replace antiquated 1995 guidelines, which EU member states have applied very differently in national laws.

In 2012 – 18 months behind schedule – the European Commission presented its draft reform. Then the European Parliament had its turn, and in time presented more than 3,000 proposed amendments. The Brussels lobby machine, including US IT giants like Google and Facebook, was running full steam.

Thanks to the efficient leadership of Jan Philipp Albrecht, deputy chairman of the Committee on Civil Liberties, Justice and Home Affairs (LIBE), the parliament finally overwhelmingly agreed on a text in March. Under this draft, breaches of the law will be expensive for offending companies. Fines can run as high a 5 percent of a company's sales worldwide.

Now it's the turn of the Council of Ministers. But negotiations between governments are proving slow and difficult. In 2013, 500 reservations against the draft were registered in the council. Germany's position is considered decisive in this most comprehensive law in the history of the EU. "Germany can tip the balance. If Germany stops blocking it, then we'll have a new data protection law," said the former European Commissioner for Justice Viviane Reding.

According to an analysis by the data protection body European Digital Rights (EDRi), the German delegation put in as many annotations and suggested amendments as all the other delegations put together. The Green's internet policy spokesman in the German parliament, Konstantin von Notz, had sharp words: "The Interior Ministry has been making all the right noises in public, but behind closed doors it has continually put the brakes on EU data protection reform."

Parliamentary state secretary at the Interior Ministry, Günter Krings (CDU) countered: "Thoroughness is more important than speed in these negotiations."

Unlike the earlier guidelines, the new regulations will not allow loopholes to be exploited by national governments. Users must be protected from the ever-expanding data mining by Google, Facebook, Apple and Amazon, Krings said.

Germany's chief negotiator at the Council of Ministers, Interior Ministry official Rainer Stentzel, rejects allegations of putting the brakes on an agreement: "That is politically motivated. They wanted Germany to applaud and support the Commission." Stentzel says the main reasons for the delay are the "hellishly complex material," the enormous economic and legal significance of the reform, and its vast reach – from the corner bakery to Google to the relationship between the citizen and the state.

There is disagreement, for instance, over how heavily data protection should be weighted against freedom of expression – an issue brought to prominence by the European Court of Justice's decision against Google that there is a "right to be forgotten." There is also squabbling over the degree to which profiling should be restricted.

SIMON BELCHER/AGEFOTOSTOCK/AVENUE IMAGES

One bone of contention which was fought over for six months is the one-stop-shop model, which would allow both companies and private citizens to turn to their local data protection authority for qualified answers if they have enquiries or complaints. Currently, that information must be sought from the headquarters of the relevant company. Big enterprises in particular are keen to avoid having to deal with the data protection officials of all 28 EU member states.

Google, Deutsche Telekom and SAP are all hoping that in the future, they will be able to clarify within three months whether a new product meets data protection provisions. Data-protection activists fear that companies will all base themselves in places where the supervisory authorities are weakest.

Given the many controversies and the complexity of the material, hopes of greater legal certainty may be dashed. Some as yet undefined legal terms and compromise formulations may have to be decided on later by the courts and supervisory authorities.

For key matters affecting the state, German Interior Minister Thomas de Maizière has proposed a compromise escape clause. He said it would have to provide enough leeway for Germany to set its own higher standards, for instance in the fields of health, pensions, taxes and employment. A final agreement is expected in Brussels next year. German and other European businesses will simply have to wait that long. ■

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