

# The Potential of Europe's Sharp and Soft Power

Thomas Biersteker  
The Graduate Institute

A response to 'Enhancing Europe's Global Power:  
A Scenario Exercise with eight Proposals'

Christoph M. Abels, Helmut K. Anheier, Iain Begg, Kevin Featherstone\*

## Abstract

While it lags behind the US and China in conventional hard power indicators, Europe is at par with and even ahead of them in some sharp and soft power indicators. Yet it consistently influences below its potential in world affairs. Its ability to leverage its sharp and soft power is hampered by questions of identity, coherence, and leadership, questions that are reflected in the scenario exercise itself. Is Europe defined as the EU, the EMU, or the Council of Europe, and will it continue to include the UK? The answer will be critical to enhancing Europe's power. More effective use of Europe's sharp power will require both political will and more strategic coherence in Brussels, along with some significant institutional modifications. America's abdication from global leadership creates an opportunity for the projection of Europe's soft power. Europe's normative role – both through policy innovation and higher education – is its greatest strength, and its place in the world of 2030 will be determined by how it exercises its potential. It must choose whether it has the will to maintain core elements of the previous order or transform it into new, post-hegemonic multilateral forms.

Scenarios about the future are invariably prone to linear projection, exaggeration, and error, particularly when they extend to a decade or more. They also tend to reflect our immediate situation and recent past more accurately than where we are likely to end up in ten years' time. At the same time, projections about the future can participate in, and be constructive of and about, our collective future. They can shape our expectations, allow us to see things differently, and suggest potential courses of action that might not have been available or perceived without undertaking a back-casting exercise. It is in this spirit, that I offer some reflections on the suggestive proposals contained in the scenario exercise undertaken by colleagues at the Hertie School in Berlin and the London School of Economics. Since I participated in one of their joint sessions in London, I am familiar with the approach and promise of the venture. Given my current and recent research on international sanctions and global governance, however, I will concentrate most of my comments and reflections on potential projections of Europe's 'sharp power', along with an assessment of the potential of its longer-term normative and institutional role in global governance, particularly at this moment, as we are undergoing a transformation in geo-political configurations.

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While Europe clearly lags behind both the US and China when it comes to any conventional indicator of 'hard' military power (military spending, military personnel, naval assets and aircraft strength), it leads both in some 'soft' power indicators, such as the total number of top universities and the number of international students (Dahrendorf Forum, 2019). Europe is approximately equal to China and the US in many macroeconomic indicators: GDP, share of global GDP, R&D spending, exports, and human development indicators (Dahrendorf Forum, 2019). When it comes to 'sharp' power tools, however, Europe has an unrealized potential. It employs more sanctions regimes than the US, and if it were to act in a concerted manner, it leads both the US and China in its total share of voting power in international financial institutions (the IMF, IBRD, IFC, and IDA) with almost two times the US share in most of them. This assumes, however, that Europe is able to act in a concerted manner in its foreign policy, a point taken up below, and it also raises the question of just what constitutes Europe.

## What is Europe?

Throughout the scenario exercise paper, the authors identify Europe with the European Union, and there is little doubt that the EU is the central actor in their (and in Europe's) story. Many of the indicators cited above, however, include the UK, which has just left the European Union. Since the

EU and the UK share so many common values and objectives, it is highly likely that their policies will be closely coordinated over the course of the next decade, but their equivalence is no longer guaranteed. There may be instances when Europe is not able to act as decisively or as forcefully as it has in the past, particularly when it comes to instruments of sharp power like the application of sanctions or the coordination of voting in international financial institutions. What was previously negotiated in Brussels as part of a common foreign policy will now become an additional element of Europe's foreign policy (in the form of bilateral negotiations with the UK).

For some of the eight proposals outlined in table 1, Europe is defined as the European Monetary Union, as there is little motivation for non-EMU countries to have a stake in the internationalization of the Euro. For other proposals, such as a more assertive use of external trade sanctions, it would be necessary to bring along not only the UK, but also Switzerland and Norway, as well as accession applicants for an effective application of the measures. When it comes to the projection of Europe's soft power – either through Erasmus Europe or Culture Europe – the territorial delimitation of Europe comes closer to the inclusion of all the members of the Council of Europe. The cultural frontiers extend at least to the Urals, even if the formal EU institutional boundaries stop short of the Russian border.

The definition of what is Europe is key to the proposals, and it is possible that EU leadership alone will be sufficient to bring the others along, albeit with some modifications. A more difficult challenge, however, stems from the fact that the EU has historically had difficulty acting as one. It is challenging to employ sharp power without unity of purpose, and the contemporary political challenges facing Europe are paramount. While Europe may be able to equal the US and China in global percentage of world trade (as long as the UK is still included in the macro-statistics), it cannot match their political unity and strength of wills to pursue, at times ruthlessly, their national interests. Even though the US is deeply polarized today, to a degree not seen in the last eighty years, it is still far more capable of acting with unitary purpose internationally than Europe.

### Europe's sharp power

The authors propose that the EU deploy trade sanctions more effectively in order to serve the EU's strategic international interests. As noted above, the EU already has more sanctions regimes in place than the US or the UN, but the sheer number of regimes is not the greatest hindrance to more effectiveness. I agree with the authors that it is the lack of institutional coherence in sanctions policy that limits the effectiveness of EU sanctions. I also agree about the challenges to EU policy autonomy stemming from US attempts to extra-territorialize its unilateral sanctions policy through the weaponization of the US dollar. I suggest, however, that the authors go beyond their focus on trade sanctions. There are other types of restrictive measures that the EU also employs on a regular basis –

on arms transfers, individual movement, individual access to finance, diplomatic activities, and participation in sports events – than can be as effective, or even more effective, than trade sanctions alone.

The Trump administration's efforts to globalize US unilateral sanctions through the extra-territorial application of US law limits the ability of Europe to act independently, as evidenced most forcefully in the case of Europe's economic relations with Iran since the US withdrew from the JCPOA in 2018. While the EU enacted legislation prohibiting European firms from complying with US unilateral measures, nothing prevented those same firms from making commercial decisions that their continued access to the US market exceeded their economic interests in the Iranian one. Given the degree of global financial interdependence in the world today, and given the fact that some very large European-based financial institutions have more assets in the US than in Europe, there is very little that Europe can do about the structural situation in the short term. This is particularly the case as long as the US maintains the will to assert the extra-territorial application of its unilateral sanctions. The irony, however, is that the more the US continues to weaponize the dollar in support of its unilateral foreign policy, the more it will dialectically accelerate moves away from dollar transactions and dollar-denominated assets globally (Lew and Nephew, 2018). There is already evidence that this is underway, as Europe experiments with INSTEX and countries like Russia and China introduce alternatives to the SWIFT system, reduce their exposure to dollar-denominated assets, and increase the volume of their trade denominated in their own currencies or the euro (The Economist, 2020). The successful application of sanctions as an instrument of sharp power is invariably linked to the strengthening of the Euro as an alternative to the US dollar as a global reserve currency, integrating the authors' first two policy proposals. Both of these efforts will take time to realize, but there could be significant steps taken to reduce the compromise of Europe's policy autonomy and contribute to its effective projection of sharp power during the coming decade.

To do so, however will require reforms of the EU sanctions system itself. Like any multilateral organization, the EU faces the structural challenge of making coherent policy interventions. We know that lack of consensus, coherence, or concerted purpose in the application of UN sanctions hinders their effectiveness (Biersteker et al., 2016). Effective application in other multilateral organizations, like the EU, requires similar coherence and sense of purpose, and the introduction of qualified majority voting on sanctions would make the exercise of sharp power more efficient. There will always be legitimate internal debates about whether the application of EU sanctions is the appropriate policy response to a given foreign policy situation, and the potential targets of EU sanctions will be quick to exploit internal EU policy disagreements to their advantage. This is especially the case for the EU, since key elements of implementation and enforcement are left to individual member states of the organization.

The effective exercise of sharp power requires more than political will, it also needs strategic execution. There are

arguably too many sanctions regimes in place, some of which (such as those on the US and China) have been dormant for decades and could be subject to periodic review. There is also a great deal of tinkering with minor adjustments to the lists of individuals targeted in different regimes that is inadequately communicated to the targets themselves. The absence of a strategic communications strategy accompanying sanctions enables targets to control the politics of their interpretation for both domestic and foreign audiences, compromising the potential of the normative signalling function of EU sanctions (Grauvogel et al., 2017). The absence of any systematic EU-level monitoring of the impacts, effectiveness, unintended consequences, and evasion of EU sanctions also undermines their potential as instruments of sharp power. Relying on 27 individual monitoring mechanisms at the national level is no substitute for a coherent assessment of the consequences of the measures and consideration of enforcement mechanisms at the EU level. There could also be some consideration of creating an Office of an Ombudsperson to handle individual delistings, rather than relying on European courts. While the latter guarantee full due process, court reversals of EU sanctions listings undermine the legitimacy of EU sanctions and has resulted in the EU's tendency to apply broader, less discriminating trade measures or make status-based, rather than conduct-based, designations that will stand up to challenges in courts of law. This development weakens the effectiveness of signalling through the application of EU sanctions, since the targets are less sharply identified.

### Europe's normative power

When compared with China and the US, Europe has a real comparative advantage in the number of top universities in its countries. The recent difficulty of obtaining visas to study in the US for many has also given Europe a distinct advantage in attracting many more international students than the US or China. The effects of these developments will only be realized in the long term, but as the US learned from its Fulbright fellowship program in the postwar period, generous funding by Europe to students from around the globe will create more sophisticated understandings of European ideas and policy positions in the future and will also serve to extend European norms, ideas, and institutions in the shorter term. As the US has retreated from explicit support for liberal values in defense of human rights and democratic institutions, there is an important opportunity for Europe to step in and extend its normative ideas about justice, equality, rule of law, and democratic institutions. A generous investment in EU fellowship support for qualified foreign nationals to be educated in, and even be employed, in Europe would be a very productive long-term investment. Even those who return to their countries of origin will carry with them ideas about norms of governance they experienced in Europe.

Europe is also beginning to play an important normative role in the nascent governance of cyberspace. Its promulgation of the General Data Protection Regulation and its enforcement of its procedures have contributed to the

creation of a norm about how individual data can be used. The relationships it has established with large data harvesting social media firms will set standards that could be extended as a model to other regions of the world, as it has already done in balancing the rights of freedom of expression and access to information with the protection of children in the domain of child pornography. The governance of the Internet and cyberspace is an emergent issue domain, and although Europe lags behind the US and China in technological innovation and production, it can lead in the development of norms about the uses of the technology. Europe is a significant enough market that by becoming a first provider of norms in cyber space, it can influence and shape the norms for the rest of the globe.

Europe's sharp power can also be employed to contribute to its projection of soft power. Most EU sanctions are applied outside of Europe, in its broader neighbourhood, in support of the normative goals that identify Europe: support for the rule of law, human rights, and the advancement of democratic institutions (Portela 2005). Europe's toleration of illiberal and anti-democratic populist tendencies internally, particularly its hesitance to apply sharp power instruments on its own members, however, undercuts its ability to project its normative power externally. The EU is not a universal multilateral organization, but rather one whose requirements must be met by potential members who must apply to join the organization. It is more legitimate to apply sanctions on the members of an organization who contractually signed up to the idea of Europe than it is to extend them to others outside the EU, as is standard EU practice.

### Conclusions

The unilateral withdrawal of the US from global leadership and multilateral institutions (what Daalder and Lindsay 2018, term 'the empty throne') has given Europe an opportunity to play a more significant role in the world. It can fill the gaps left by the American abdication and participate in the redefinition of multilateralism as a basis for the creation of a post-hegemonic world order.

Even if the Trump administration is a one-term aberration, a considerable amount of the damage it has done to multilateralism is irreversible. The multilateral institutions of the post-Second World War international system remain in place, but they have been increasingly marginalized and are undergoing profound internal changes. There is an intense global competition for the authority to govern different issue domains, coming not only from private actors, but also from informal forms of public and private cooperation, and from alternatives being proffered by China. Multilateralism has been redefined over the years, as informal institutions are emerging to replace formal ones (Westerwinter et al., forthcoming), and the transformation of multilateralism has accelerated in the past two decades.

Europe's normative potential is its greatest strength and its place in the world of 2030 will be determined by how it exercises that potential. It must choose whether it has the

will to maintain core elements of the previous order or transform it into new, post-hegemonic multilateral forms engaging public and private actors for the common global good. Europe has an important role to play in filling the gap left by the US. It doesn't have to replace the US in maintaining the old order or provide a competitive alternative to American values and institutions. It could potentially become a global mediator between the US and China, as they increasingly, but not inevitably, engage in more direct competition with one another. Europe's greatest challenge will be to forge a common sense of purpose and identity, along with the confidence to project it to the rest of the world.

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## Author Information

**Thomas Biersteker** is Gasteyer Professor of International Security and Director for Policy Research at the Graduate Institute, Geneva. He previously directed the Graduate Institute's Programme for the Study of International Governance and the Watson Institute for International Studies at Brown University, and he has taught at Yale University and the University of Southern California.

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