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Faculty of Social Sciences - Department of
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Investigating the Present and the Future of European
External Action with the help of IR Theory

Supervisor: Péter Marton

Written by: Péter Mártan
AOZAY0
International Relations Program

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The aggregation of separate member state interests into one common course of action is probably the biggest general and constant challenge facing the European Union (EU). Though this is the consequence of the democratic nature of the European endeavor, this deficiency is costing the individual member states (MS). An example that illustrated this well is the success of the divide and conquer tactics of Gazprom in individually negotiating long-term energy contracts with Central Eastern European (CEE) EU members, thus hindering their collective bargaining potential. Although the EU is an economic giant in its own right, the hallmark question of Kissinger, of who to call in Europe, has still not been answered satisfyingly, thus the EU remains a political pigmy. The situation becomes even more despairing once we look at questions of classical hard power. Throughout the past decades, Europe has repeatedly shown its inability not only in singlehandedly resolving military conflicts in its own neighborhood, but even taking the leading role in doing so. The Yugoslav Wars, the Libya Intervention, the ongoing Syrian Civil War, and the escalating tensions in the Ukraine are testaments to this point.

Acknowledging the existence of the duality of the EU’s international presence (giant & pigmy) I propose calling on International Relation theory (IR theory) in order to: 1) better understand the possible causes of this seeming inertia and 2) to propose a set of guidelines, and practical observations – deducted from my observations – that could forward the aim of transforming the EU into a more effective political entity in the field of international relations. Taking these aims into account, the following, seems to be an adequate thesis sentence:

*By examining and comparing specific aspects of the EU’s external action through various mainstream IR theories, we may hope to better understand the main challenges and opportunities facing the EU as a global actor, and we may endeavor to propose a set of useful guidelines that aim at furthering the success of the EU’s international presence.*
I/1.1 Structure and methodology

The thesis consists of five chapters. The first three will focus on what the three main “leading brands”\(^1\) (realism, liberalism & constructivism) of IR theory have to say through the examination of two cross cutting variables of European external action. This examination process will be conducted through the “main theme” of each school of thought, that being the balance of power (BOP) in the case of realism, the democratic peace theory in the case of liberalism, and the issue of perception formation in the case of the rather more diverse, constructivist school. Each chapter dealing with separate schools will contain an overview of the evolution of the specific theory, with references to its main branches.

The cross cutting variables, are the international trade, and international development aid policies of the EU. The reasons for this are simple: I believe that the EU’s external action competences are the most evolved, in relation to these policy areas, and that the EU is most well known for these policy areas by its international partners. This assumption seems to be well founded, taking into account that the EU is the world’s largest economy\(^2\), and that the EU is the world’s largest aid donor\(^3\). The fifth chapter will focus on reconciling the observations of the different theories – if that is possible, in order to be able to construct common guidelines, and more complex observations on the working of the international arena and the EU’s place in it.

I/1.2 The structure of international trade policy

International Trade Policy is one of the most powerful common policy areas within the EU, and certainly the most powerful policy of European external action. The European Commission (EC) has the exclusive authority to negotiate international trade agreements with third parties, representing the joint interests of the EU’s MS, through its negotiating mandate.

The reason behind this competence transfer to the community level is straightforward. The EU consists of a common market, with common tariffs, levies, and rules governing

\(^1\) To the best of my knowledge, the expression was first used by Snyder (2004)
\(^2\) See: European Commission 2013
\(^3\) See: European Commission 2014
incoming goods. This means, that an FTA concluded by only one, or a few states, would have the potentially of effecting the entire common market. The Joint negotiating power embodied by the Commission, can also be perceived as an embodiment of the EU’s joint economic significance. Take the EU’s membership in the WTO, for example, where it: “[...] negotiates on a par with the US, China, Japan and India in world trade negotiations such as the Doha round.” Perhaps it is no wonder then, that: “[...] many of the brightest and best Commission staff tend to work there [at the Directorate General for Trade] as it is a DG that wields real power”. (Cameron 2007, p. 9)

The process by which the negotiating mandate is formulated is inclusive, and encompassing, since the Commission has to account for a variety of different interests, starting from lobby groups from various segments of the industry, to labor unions, to MS. Understanding the process of mandate formulation seems important, as it represents a seemingly working mechanism of joint practice of sovereignty by 28 individual states, and thus could serve as a model during the formulation of subsequent joint external policies. A process model of negotiations can be seen in graph 1.
Graph 1: International trade negotiations – process graph

based on (European Commission 2013a)

*“This is where lawyers review the negotiated texts. This exercise can take from 3 to 9 months” (p. 5)

** “An agreement between the EU and external countries concerning issues of Community and Member State competence - for example the Cotonou Agreement. Such agreements must be signed by both the EU and its MS.” (EU ABC)
I/1.3 Clarification of terms, and the structure of European development aid

In this paper, the terms foreign aid and development aid will be used synonymously, and should be understood as what the OECD’s Development Assistance Committee (DAC) terms Official Development Assistance (ODA)\(^4\). It is important to underline, that the paper will not deal with humanitarian aid! The DAC defines its self as: “[…] a unique international forum of many of the largest funders of aid, including 29 DAC Members. The World Bank, IMF and UNDP participate as observers.” (OECD 2014) Since 15 of the EU’s MS, as well as the EU its self are members of the DAC – accounting for 98.2% of total ODA contributions from all EU MS\(^5\) – the EU’s development aid policy will be interpreted within the guidelines agreed upon by DAC member countries.

While the European Union is often hailed as the world’s largest ODA donor – having spent $82.5 billion\(^6\) in 2012, as illustrated by table 1 – it is important highlight, that the EU, as a supranational organization, only spends a relatively small 20%\(^7\) of the total ODA attributed to funds coming from EU members. The rest comes from the budgets of the EU MS. While the budget of the EU as such, is calculated in 7 year term, through its Multiannual Financial Framework (MFF), the amount of money spent on ODA by member state governments is susceptible to cuts, or increases year after year, depending on the composition of annual budgets. For example, as the OECD notes (OECD 2013), the amount of money spent on ODA from 2011 to 2012 decreased by 34.7% (p. 206) in the case of Italy and by 49.7% (p. 222) in the case of Spain, due to the lower influx of north African refugees, and the severity of the financial crisis, respectively.

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\(^4\) “The DAC defines ODA as “those flows to countries and territories on the DAC List of ODA Recipients and to multilateral institutions which are: 
1. provided by official agencies, including state and local governments, or by their executive agencies; and
2. each transaction of which:
   a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and
   b) is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent).” OECD (2014a)

\(^5\) Calculation based upon data provided in table 1

\(^6\) Calculation is based upon OECD data, as provided in table 1, by summing up the 2012 ODA figures for “EU Institutions” + “DAC-EU countries” + “Non-DAC members: Czech Republic, Estonia, Hungary, Poland, Slovak Republic, Slovenia”.

\(^7\) Calculation is based upon OECD data, as provided in table 1, where 82.5 billion USD represents 100%
The reason this is important, is because, it highlights the fact, that we cannot calculate exactly how much European MS will spend on ODA in the following 7 year financial period of the EU, and subsequently we can make no predictions to whether or not, the EU’s target, of increasing the amount of ODA contributions to 0.7% of GNI is plausible or not – currently it stands at 0.42% (European Commission 2014) although, owing to the fact, that the EU has already adopted the subsequent MFF (2014-2020) we can say how much it, will be spending in the following 7 year period. As graph 2 shows, the “Development and Cooperation Instrument” within Chapter 4 of the 2014-2020 MFF, accounts for 28.1% of the entire chapter. The entire chapter has been allocated €58.7 billion (European Council 2013) which means that the EU institutional part of EU ODA will be around €16.5 billion which roughly equals the 2012 level of $17.6 billion.

Table 1: Net Official Development Assistance from DAC and Other Donors in 2012 (excerpt from OECD 2013a p.1)

<table>
<thead>
<tr>
<th>2012 ODA USD million current</th>
<th>ODA/GNI %</th>
<th>2011 ODA USD million current</th>
<th>ODA/GNI %</th>
<th>2012 ODA USD million (1) At 2011 prices and exchange rates</th>
<th>Percent change 2011 to 2012 (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Memo Items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU institutions</td>
<td>17,570</td>
<td>17,391</td>
<td>18,778</td>
<td>8.0</td>
<td></td>
</tr>
<tr>
<td>DAC-EU countries</td>
<td>62,707</td>
<td>65,147</td>
<td>80,247</td>
<td>66,747</td>
<td>-7.4</td>
</tr>
<tr>
<td>G7 countries</td>
<td>88,058</td>
<td>92,321</td>
<td>99,321</td>
<td>-8.3</td>
<td></td>
</tr>
<tr>
<td>Non-G7 countries</td>
<td>37,584</td>
<td>41,395</td>
<td>39,035</td>
<td>-5.7</td>
<td></td>
</tr>
<tr>
<td>Non-DAC members</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td>219</td>
<td>0.12</td>
<td>250</td>
<td>0.12</td>
<td>240</td>
</tr>
<tr>
<td>Estonia</td>
<td>23</td>
<td>0.11</td>
<td>24</td>
<td>0.11</td>
<td>24</td>
</tr>
<tr>
<td>Hungary</td>
<td>119</td>
<td>0.10</td>
<td>140</td>
<td>0.11</td>
<td>129</td>
</tr>
<tr>
<td>Israel(2)</td>
<td>177</td>
<td>0.08</td>
<td>206</td>
<td>0.09</td>
<td>105</td>
</tr>
<tr>
<td>Poland</td>
<td>435</td>
<td>0.09</td>
<td>417</td>
<td>0.08</td>
<td>469</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>78</td>
<td>0.09</td>
<td>86</td>
<td>0.09</td>
<td>83</td>
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<tr>
<td>Slovenia</td>
<td>58</td>
<td>0.13</td>
<td>63</td>
<td>0.13</td>
<td>61</td>
</tr>
<tr>
<td>Turkey</td>
<td>2,532</td>
<td>0.33</td>
<td>1,273</td>
<td>0.16</td>
<td>2,530</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>642</td>
<td>0.27</td>
<td>737</td>
<td>0.22</td>
<td>962</td>
</tr>
</tbody>
</table>

(1) Taking account of both inflation and exchange rate movements.
(2) Secretariat estimate.
(3) The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Notes: The data for 2012 are preliminary pending detailed final data to be published in December 2013. The data are standardized on a calendar year basis for all donors, and so may differ from fiscal year data available in countries' budget documents. These data include concessional loans. The DAC is currently discussing members' differing practices in reporting these loans as ODA.

Source: OECD, 3 April 2013.
Graph 2: allocation of Chapter 4 financing in the 2014-2020 MFF (European Commission 2014a)
Chapter II: externalization of the European balance of power to the intra European stage; examining European external action through realist spectacles

II/1. Introduction

Following a brief\(^8\) overview of the development of realism throughout the past 60-70 years, this chapter will focus on how the international trade policy of the EU may be interpreted within the confines of realist theory, as an attempt to externalize the internal – intra European Union – economic BOP among nations. In the second half of the chapter, I will also look at, how realism is capable of interpreting the foreign aid policy of the EU, a topic that seemingly falls out of the purview of the school.

It will be interesting to see, whether or not, the rather rigid worldview of realism can be “bended” in order to interpret one of the most current and most important developments of European external action – negotiation of TTIP, a topic that at first glance, would seem to fall utterly out of the field of interpretation of the realist paradigm.

II/1.1 Defining Classical Realism

In the aftermath of the Second World War, in the turbulent, early years of the Cold War, Hans J. Morgenthau, a dissident German Political Scientist, living in the United States, wrote Politics Among Nations (1948) a book, that may be considered one of the founding testaments\(^9\) of the classical realist school of IR theory. And though realism has evolved greatly since then, formulating some convincing, and some less convincing answers to the new challenges of the times, many of the initial observations of classical realist IR theory are still relevant today.

\(^8\) Owing to the divergent opinions (see: Alexander in Renshon & Suedfeld ed. 2007), as whether neoconservatism forms a part of realist IR theory or not, and especially, owing to the U.S. centricity of neoconservative literature, neoconservatism will not be included in the discussion.

\(^9\) It should be noted, that out of the overview of the respective schools, this is the most lengthy. This reflects on the primacy of realism in IR theories: it is the oldest theory, which fueled the development of other mainstream theories, and constantly had (has) to react to their criticisms.

\(^{10}\) It is interesting to note the cyclical nature of the evolution of IR Theory. Classical IR theories – classical theories are those that emerged post WWII – evolved based on the criticisms of classical realism. Indeed, the basic observations of realism have been incorporated into all subsequent mainstream theories (for example, the primacy of sovereigns). The fact, that IR theory only emerged as an independent discipline from political science post WWII, does not mean, that IR theorists invented radically new, theoretical models, without historical antecedents. Pioneer realists observed Thucydides and Machiavelli, Liberals had Grotius and Kant, and critical theorists had Engels and Marx. These antecedents, similarly to the evolution of classical IR theories, followed each other in a similar chronological order.
realists have been incorporated into the very fabric of thinking about IR, much in the same way, that first generations human rights have become an inseparable element of the so called democratic minimum, in liberal democratic systems.

In Politics Among Nations Morgenthau intends to describe the functional laws of the international stage, giving a user’s guide to state behavior, if you will. He based his observations, on the assumption, that states behave much the same way that humans do. This is why understanding Morgenthau’s vision of human nature is the key to understanding the laws of the international stage. Morgenthau shared the same pessimistic assumptions on human nature, as where outlined by Thomas Hobbs, who in Leviathan (1999)[1651] wrote that human life, in an anarchical society was: “solitary, poor, nasty, brutish and short” (p.110). This vision is based on the assumption, that all humans share the same basic qualities i.e.: the urge to maximize gains, and the exclusive belief in self-help (that is to say, that man can only count on himself).

Translated to international relations, we can sum-up the main observations of Morgenthau as follows: 1) states are the primary actors of international relations, relations between them are anarchic 3) sovereigns are inherently self-serving, profit maximizing, and distrustful of one and other, since they know, that their wish to dominate their peers, is mutual, and thus they must constantly remain wary of attempts to be dominated, 4) international cooperation with other sovereigns is understood largely as a zero-sum game, with the BOP system serving as the only permanent – yet automated, and dynamically changing – mechanism of international cooperation among sovereigns, intended to keep one sovereign from becoming too strong and dominant over others.12

11 It should also be noted, that not all classical realists shared the same vision of human nature as Morgenthau. In The Nature and Density of Man (1941) Reinold Niebhur sees human nature as being inherently dual, torn between good and evil (Chapter IX pp.241-265).

12 Sweller and Priess sum up the four basic tenements of realism – shared by all schools: as follows:

“Assumption One: humans do not face one another primarily as individuals but as members of groups that command their loyalty (see especially Gilpin 1986:304-305, 1996:7) […]

Assumption Two: international affairs take place in a state of anarchy […]

Assumption Three: the nature of international interaction is essentially conflictual. […]

Assumption Four: power is the fundamental feature of international politics. […]” (1997 p.6)
II./1.2 The Evolution of an Idea: Neorealism

Kenneth Waltz and his ideas ushered in the first transformative leap within the young discipline of IR theory. Morgenthau – and other early realists like Neibhur – approached the topic from a sociological perspective, attributing human properties, and reflexes to the patterns of sovereign’s interactions, whereas Waltz “…moved away from Morgenthau’s dark brooding about human nature and [had] taken a slightly more optimistic tone.” (Walt 1998, p.32). More important, however, was the change of the level of analyses. Waltz (1979) started paying attention to how the unequal distribution of capabilities, rather than just the nature of state perception, could be the determining factor in how states perceived their own interests in the international system. Sweller and Priess explain:

“Six major differences divide traditional realists and neorealists. First, there is a philosophical disagreement over the discipline(s) in which realist theory is grounded. Traditional realism is rooted in sociology and history (with some attention to psychology, theology, and economics); neorealism borrows most heavily from microeconomics (Kapstein 1995, p. 771; Jepperson, Wendt, and Katzenstein 1996; Katzenstein 1996; Priess 1996). Second, traditional realists view power as an end in itself; states can seek to maximize power as well as security (Gilpin 1996:6). Neorealists believe that security is the highest end (Waltz 1979:126). Third, the basic causal variables are not the same for traditional realists and neorealists. Traditional realists posit that power and the interests of states drive behavior; neorealists examine only anarchy and the distribution of capabilities. The fourth and fifth differences center on the meaning of "capability." Traditional realism is a theory of foreign policy, focusing on the relative distribution (balances and imbalances) of capabilities between specific states or coalitions of states, not on the system wide distribution of capabilities or the polarity of the system. […] In contrast, neorealism is a theory of international politics, focusing on the systemwide distribution of capabilities, that is, the polarity of the system as measured by the number of Great Powers, not the relative inequalities of power among them. Neorealists conceptualize capability as a unit-level property, indicated by a state’s inventory of military forces and those resources that can be transformed into military forces; this concept is then merely raised to the system level (see Waltz 1979 p. 126; Mearsheimer 1994/95 p. 10). Such a process yields the main
explanatory variable of neorealism: system polarity—a structural property that is largely ignored by traditional realists (Snyder 1996).” (Sweller and Priess; 1997 p.7).

Possibly the biggest “takeaway” from neorealism is the notion, that states want to maximize their security, and the stability of the entire international system above all else. They do this, by interpreting the system wide distribution of power (military & that, which is perceived as being transformable into military power) in light of the BOP mechanism, in order to be left with an automatically balanced system. As the neorealist paradigm was formulated during the Cold War, the international architecture it based its observations on, was that of bipolarity – a system, that Waltz claimed “…was more stable than multipolarity.” (Walt 1998; p 31) however, as I hope to demonstrate in this chapter, the European Union, and the United State’s potential trade deal in today’s post bipolar system – what some label an emergent multipolarity system (Murray & Hehir 2012; Posen 2009; Waltz 1993) – is also well explicable with the help of the neorealist perception.

II./1.3 Defensive and offensive realism: obsessing over security, or buck passing?13

While defensive realism and offensive realism, do not hold specific relevance to the investigation of the trade and aid policies of the EU, they do contribute to the overall aim of the paper on the one hand, and they are capable of providing theoretical frameworks, in which the EU itself may be interpreted by realists, although defensive realism’s predictions seem to have proven more relevant to today’s world, than those made by offensive realism. The point of departure for these two theories is the end of the Cold War, and the effects that would have on the security of Europe. Their predictions did differ substantially. While Stephen Van Evera, a defensive realist, wrote (1990-1991) that Europe was “Primed for Peace” after the Cold War, offensive realists like Mearsheimer predicted (1990) that Europe would “regress to anarchic competition”, once the “U.S. Pacifier was withdrawn” (something that has not happened, because of the survival of the NATO, through the expansion of its mission).

II./1.3.1 *Defensive Realism*

Concerning defensive realism, Walt writes: “An important refinement to realism was the addition of offense-defense theory [defensive realism], as laid out by Robert Jervis, George Questor, and Stephen Van Evera. These scholars argued that war was more likely when states could conquer each other easily. When defense was easier than offense, however, security was more plentiful, incentives to expand declined, and cooperation could blossom. […] states could acquire the means to defend themselves without threatening others, thereby dampening the effects of anarchy. For these “defensive” realists, states merely sought to survive and great powers could guarantee their security by forming balancing alliances […]” (Walt 1998, p 31). Furthermore, “…they assumed that states had little intrinsic interest in military conquest and argued that the cost of expansion generally outweighed the benefits.” (Walt 1998, p 37).

These so called balancing alliances are called security regimes, by Robert Jarvis: “By a security regime I mean […] those principles, rules, and norms that permit nations to be restrained in their behavior in the belief that others will reciprocate. This concept implies not only norms and expectations that facilitate cooperation, but a form of cooperation that is more than the following of short-run self-interest.” (Jarvis in Krasner ed. 1983 p. 173) In this context, the EU – as an element of the NATO – may be interpreted as a Jarvian security regime as well as a rational form of economic cooperation, based on the principal of the smallest common denominator (the classical interpretation of any form of international cooperation). And although defensive realism – as all other forms of realism – is almost exclusively focused on questions of military power, the appearance of the possibility of interpreting interstate cooperation as more then the result of short-run self interests, makes defensive realism a valuable asset, in the process of thinking of Europe’s role in international relations.

II./1.3.2 *Offensive Realism*

Again, turning to Walt: “…offensive realists such as Eric labs, John Mersheimer, and Fareed Zakaria argue that anarchy encourages all states to try to maximize their relative strength simply because no state can ever be sure when a truly revisionist power might emerge.” (Walt 1998, p. 37). This implies a state of constant vigil, lack of adequate
flows of information, and suspicions among states: attributes that are not necessarily easily\textsuperscript{14} attached to the system of heavy interdependencies that characterize the European Union’s countries both on economic and military levels. One might bring the example of Western-Europe: it has been at peace for 60 years.

Yet, if one looks beyond the horizon of the EU, some of the propositions of this school look like they have relevance. The Economist’s Charlemagne editorial recently noted: “The European Neighborhood Policy was meant to create “a ring of friends. Ten years on, Europe’s borderlands look more like a ring of fire. Libya has been in violent chaos since the overthrow of Muammar Quaddafi. In Egypt one military ruler was replaced by another after a brief interlude with an elected president. Syria is suffering an appalling civil war. Georgia has lost territory after the war with Russia. Belarus languishes under the dictatorial Alexander Lukashenko. Two small countries, Tunisia and Moldova, are the closest thing to success.” (Charlemagne 2014)

The implication of these two situations, the simultaneous stability within, and turbulence outside the boundaries of the EU might suggest the possibility of a non-unified application of the propositions of offensive realism.

II/1.4 Neoclassical Realism

The newest theoretical offshoot of IR realism is in effect, a return to the basics, and a reflection on the failure of the realist paradigm to explain certain phenomena of state interactions. The term \textit{neoclassical realism} was coined by Gideon Rose (1998), who perceived to discover a coherent mindset among the writings of different scholars, who did not perceive themselves as neoclassical realists in so many words. He does this, based on his perceptions relating to the works of Brown (1995), Christensen (1996) and Schweller (1998). Summing-up the tenements of the school, Rose writes:

“The works under review here collectively set out a fourth school, which I term "neoclassical realism." It explicitly incorporates both external and internal variables, updating and systematizing certain insights drawn from classical realist thought. Its

\textsuperscript{14} Though the flow of information between states, and the levels of trust, are undoubtedly far from perfect, as shown by recent revelations about the surveillance programs of various European governments and the United States. See, Borger (2013)
adherents argue that the scope and ambition of a country's foreign policy is driven first and foremost by its place in the international system and specifically by its relative material power capabilities. This is why they are realist. They argue further, however, that the impact of such power capabilities on foreign policy is indirect and complex, because systemic pressures must be translated through intervening variables at the unit level. This is why they are neoclassical. Neoclassical realists argue that relative material power establishes the basic parameters of a country's foreign policy; they note, in Thucydides' formula, that "the strong do what they can and the weak suffer what they must." Yet they point out that there is no immediate or perfect transmission belt linking material capabilities to foreign policy behavior. Foreign policy choices are made by actual political leaders and elites, and so it is their perceptions of relative power that matter, not simply relative quantities of physical resources or forces in being.” (Rose 1998, pp.146-147).

What this implies – while leaving the basic observations regarding the international arena, made by previous offshoots of realism untouched – is that the black box theory of the states is invalid. It does matter, how decisions are made within states. It does matter, what the perceptions of foreign policy matters are within a society. In this sense, neoclassic realism, can be interpreted as a departure from other schools, tending toward constructivism, although leaving the in depth analysis – of what different state structures and decision making model imply – alone.

II./2 International trade & the balance of power

II./2.1 On the balance of power

The BOP is best defined, as a historically observable behavioral model followed by states in situations, when the status quo of power distribution is challenged. As Professor Richard Little notes, studying the BOP has a long standing tradition throughout the ages: “[...] attempts to understand international relations in terms of the BOP can be traced back for more than five hundred years and no other theoretical concept can boast this length of provenance [...]” (Little 2007, p.3).
The concept was picked-up by the realist school, with Morgenthau explaining the concept in detail (Morgenthau 1990, Chapter VIII.) by invoking the notion of checks and balances the international BOP, is attributed with the dual goals of maintaining the stability and the independence of the system and its various elements. Besides mentioning the goal of minimizing wars, Morgenthau also mentions system wide economic prosperity, as one of the consequences, and one of the indicators of a well balanced system. Such a system can only be reached, if opposing sides are equally balanced and they are both aware that they are so balanced. Morgenthau ventures as far, as making the core principal of IR realism dependant of the existence of such a balanced system, when he calls sovereignty an empty shell, without such a system, bringing the example of the Nazi invasion of the supposedly sovereign Poland in 1939. Morgenthau quotes the American historian Charles A. Beard: “the safety of individual rights rests in the multiple number of interests” implying a the importance of interlinkages and mutual absolute gains to be had by the respect for sovereignty.

Indeed, the concept of mutual interests has stuck with IR realists, and has progressed to be elaborated on by many of them. Donnelly writes: “As a rough first approximation, states can be seen to stand in relations of amenity or enmity, seeing themselves as allies or adversaries. This has systematic consequences. For example, states are more likely to balance against adversaries than allies. Conversely, relative gains considerations may be substantially muted among allies, as illustrated by U.S. support for European integration in the 1950s and 1960s.” (Donnelly in Burchill et al. 2009 p.44)

This concept, of the sacrifice of relative gains for absolute gains through a well balanced system, is the concept I will work with in my presentation of the EU’s role in international relations, through international trade, and aid.

II./2.2 On the relation between the balance of power and trade

The importance of international trade and market liberalization is scarcely challenged by governments of today’s world. Adam Smith’s basic realizations – made in the Wealth of Nations (2012) [1776] – on the role trade can have in mutually increasing the wealth of men in different countries are living a renaissance. Even though the so called Unipolar Moment has given way, to the emergence of a multipolar world order, still
very much in its infancy – the triumph of the concept of capitalism & market economy that came with the end of the Cold War, has seemed more or less irreversible. Condoleezza Rice remarks: “Today, there is an increasing awareness – on every continent – of a paradigm of progress, founded on political and [sic!] economic liberty. The United States, our NATO allies, our neighbors in the Western Hemisphere, Japan, and our other friends and allies in Asia and Africa all share a broad commitment to democracy, the rule of law, [sic/'] a market based economy, and open trade.” (Rice in Stelzer ed. 2005, p. 84).

The BOP – while originating in the description of classical power politics – is very much applicable to international trade negotiations and trade disputes, as several scholars have pointed out (Barbieri 1996; Dorussen 1999; Papayoanou 1996): “Extensive trade failed to stop Germany and Great Britain from fighting World War I. Lenin (1985) [1916] argued consequently that the imperialist trade strategies pursued by the main powers had caused war. From an entirely different perspective, following World War II, Hirschman (1980) [1945] analyzed the ways in which Nazi Germany had put trade in service of its war aims. Barbieri (1996) shows that theoretical arguments have been advanced for all possible positions in this debate: trade leads either to less conflict, or to more conflict, or has no effect on the likelihood of conflict at all.” (Dorussen 1999, p. 443) – that is to say military power – is still very relevant in the current, transforming world order however trade, at the very least, is an important element of state interactions.

In part 2 of this chapter, I wish to highlight how the BOP can be applied to the realm of international trade, underlining, that the EU is negotiating in a very similar way to the United States thus externalizing, at least a part, of the balancing that has so long characterized relations between European states.

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15 As I have indicated at the very beginning of this paper, I will only discuss a very specific variable in each of the chapters. In the current chapter, the spread of democracy is not that variable. It is the transformation of the BOP. The spread of democracy is discussed at length in Chapter III.
II./2.3 On the externalization of the balance of power

Within the framework of the EU, MS practice certain aspects of their sovereignty jointly. In these matters, no individual member state can take individual action, and the EC, as the executive body of the *aquis communautaire* is empowered with broad licenses to represent joint decisions, like is the case with negotiating international trade treaties. This seems to be contrary to the classical exclusive association of the BOP with sovereign states – as the EC is not a sovereign. Here I argue that in the context of these jointly practiced sovereign actions the EU represents a collective balancing force of the 28 individual MS. In the context of international trade policy: “The Union itself is responsible for the trade policy of its member countries and the European Commission negotiates on their behalf. This means that no individual member government can contemplate a bilateral trade agreement with a non-EU partner. This division of responsibility is based on the EU Treaties.” (European Commission 2013b, p. 7).

Initially, the sacrifice of sovereignty in this particular policy area was made necessary by the existence of a common market, where internal trade boundaries are non-existent. In order for the internal market to function, the interests of all its members have to be taken into consideration in negotiations of free trade, this is all too clear. The enlargement of the European Communities with the end of the Cold War served to expand the common market, and subsequently the scope of the commonly practiced trade sovereignty. It also meant the end of the formation of parallel free trade areas, like the COMICON and the CEFTA.\(^\text{16}\)

Following 2004, this newly expanded and consolidated common market – together with its joint trade policy – has had to face new challenges to counterbalance, presented by the emergence of a post unipolar world order. Pascal Lamy, the former Director General of the WTO remarked: “The rising weight of influence of emerging economies has shifted the BOP. This clearly implies a number of transitions to which we have not yet adjusted as classic Westphalia concepts of sovereignty are being challenged by the realities of interdependence. Some may consider this a problem, it is perhaps better to think of it as an opportunity to look at the real shaping factors of trade.” (WTO 2012).

\(^{16}\) Of course the same holds true for the military aspect: NATO vs. the Warsaw Pact. Military developments within Europe can be explained neatly by defensive realism, and the security regime theory of Robert Jarvis (see page 17).
This gave a new impetus to the justification of jointly practiced sovereignty in the area of trade.

Even structural realism – a theory mired in the Westphalia concept of statehood – has to accept certain realities of the new world order, precisely because of its focus on the distribution of capabilities: in the realm of international trade, the EU has to be reckoned with since it is the largest economy in the world. Furthermore, it has to be reckoned with, as a singular actor, throughout the process of trade negotiations, because of the exclusivity of the EC in negotiating international trade deals. This is a practical example of how absolute gains considerations – negotiating as a more powerful actor entails a better collective bargaining position – trump relative gains considerations – maintaining sovereignty in all aspects. To reiterate this point, I quote Cameron (2007) once more, who points out the added advantages of the EU in this regard: “The EU is perhaps best known as the world’s leading trade power. It negotiates on a par with the US, China, Japan and India in world trade negotiations such as the Doha round. It is regularly criticized in the media for failing to open up its protected agricultural market, a criticism that could also be leveled at other rich countries such as the US, Japan, Norway and Switzerland.” (p.9) – this hints at an added level of effectiveness in employing protectionist measures in areas that are sensitive for European countries – like agriculture.

Of course we must also note, that the fights among MS for better positions in trade negotiations continue. This process is confined to the institutional bargaining processes involved in formulating a negotiating mandate. Grieco describes this process as follows: “Realism asserts that states are positional, not egoistic, in character. As a result, it finds that states have two preferences in mixed interest situations – maximum individual gains and minimal gaps in gains favoring partners, and finds that states thereby experience two constraints on their willingness to cooperate-cheating and the fear that gaps in jointly produced gains favor partners.” (Grieco 1988 p. 601).

**II/2.4 The Transatlantic Trade and Investment Partnership**

The Transatlantic Trade and Investment Partnership, or TTIP, as it is often referred to, has been hailed as the most ambitious step in global market liberalization ever. The
United States is the world’s largest nation state economy; however, the European Union is the world’s largest economy. These are hard cold facts. Opening-up these two markets toward each other, could, as the EC remarks result in significant gains for Europeans: “Because the EU-US trade relationship is already the biggest in the world – every day we trade goods and services worth €2 billion, every trade barrier we remove could result in significant economic gains. An independent report suggests that an ambitious agreement could result in millions of euros of savings to companies and create hundreds of thousands of jobs. It’s expected that every year an average European household would gain €545, as our economy would be boosted by 0.5% of GDP, or €120 billion annually, once fully implemented.” (European Commission 2014b).

However, the risks of creating something truly unremarkable are also all too clear. The Economist’s Lexington editorial remarks: „The risks all involve thinking small. European governments recently sent trade officials to Brussels to a first meeting on their offer to America. Led by the French, envoys from southern and eastern Europe called for a long list of red lines. These covered the usual stuff: agriculture, public services and “audio-visual” content (eg, bungs for French cinéastes, airtime quotas to keep Flemish hip-hop on the radio). That appalls Team Obama, though not because Americans are blameless. From financial services to air passenger services, America maintains lots of barriers to trade. The real fear is that if Europe starts setting out red lines, trade sceptics in America will draw their own. What’s more, American trade bureaucrats are “Eeyoreish” and petty, says an insider: a trade pact with Colombia is the summit of their ambition. Then there is Congress to worry about.” (Lexington 2013)

II/2.4.1 Interview with Maximillian Gephardt, U.S. Department of State

In order to find out a little more about the underlying attitudes behind the negotiations, I interviewed a young economic officer of the U.S. Department of State (DOS), who is in charge of coordinating on TTIP negotiations with the Hungarian Government (see appendix for the full interview).

Mr. Gephardt painted a very interesting picture about the standpoints of the two parties. He indicated that entering into negotiations on TTIP was a concession in and of its self on the part of the U.S. since they would have preferred to negotiate according to the
model they followed in Asia (TPP). That model would have implied negotiating a set of free trade rules, agreeable for the majority of European states, leaving the treaty open for joining by others, if they accept the rules. This however, was mad impossible by the EU’s legal framework, which gives the EC the exclusive right to negotiate FTA’s. Subsequently, the U.S. only accepted the EU’s method of negotiation, with the understanding that the EC would do all the “legwork”. More interestingly though, Mr. Gephardt indicated, that there was an understanding between the parties, that the EU would have to propose a very enticing deal, for the U.S. President to put his political weight behind the issue (although officially, the U.S. is aiming to conclude the deal until the end of Mr. Obama’s second term, the president is willing to “walk away” if the deal is not good enough). Indeed, the assertion of Mr. Gephardt seems to have become somewhat public knowledge. Charlemagne notes: “Mr. Obama has already told Europeans in private that they need the agreement more than the Americans do. And he has warned them that America would not tolerate an agreement that, together with the euro zone’s deflationary policy, serves only to increase Europe’s trade surplus, particularly with America” (Charlemagne 2014a).

II/2.4.2 On the balance of power between friends

The insight gained from the interview seems to support the argument that there is an economic BOP at work among members of the same security regime. It would seem that this is made possible, by the fact that the United States has to negotiate on pair with the EU, as it would with a fully sovereign state, on issues of international trade. This supports the initial proposition that the trade BOP mechanism that existed between European nation states has been externalized to the intercontinental sphere, owing to the creation of the single market, and the large scale transfer of sovereignty to the community level. Whether or not this externalized BOP will serve the common economic interests of European states is yet to be seen. One thing however, already seems certain: In the emergent multipolar world order, a United Europe, representing the largest economy in the world, better serves its members than a Europe of small and medium sized sovereign states.
II/3 Foreign Aid

The concept of foreign aid, has sparred debate among scholars, policymakers and the general public, ever since the 1960s, when Hans J. Morgenthau published his thoughts on the subject matter in an article in the American Political Science Review (Morgenthau 1962). The debate however has continued well into the 21st century, although the even such simple question as what exactly foreign aid is, or how it should be interpreted within the context of foreign policy has not yet been conclusively answered. Hattori writes: “What is foreign aid? This deceptively simple question has not been adequately addressed because aid scholars have tended to emphasize practitioners’ concerns and thus have favoured the conceptualization of foreign aid in terms of security or development policy objectives.” (Hattori 2001 p.1)

Within the framework of the EU, the Development and Cooperation Policy, forms a part of the EU’s external action policies – as discussed in the introduction. This group of policies, in general have been labeled\(^\text{17}\) soft power competences. Realist theory however is at best, very skeptical toward the efficiency of soft power. Wagner highlights the main characteristics of the soft approach: “Soft power strategies emphasize common political values, peaceful means for conflict management, and economic co-operation in order to find common solutions for bilateral problems.” (Wagner 2005 p.2). Such an approach does not bear well, in the context of a realist vision of international relations. As we have seen above, in part 1 of this chapter, while there are substantial differences between the various offshoots of realism, some basic principals are accepted by all of them (see: Sweller and Priess in the footnote, on page 2). The most important such common principals that help understand why soft power is viewed as an illusion by realists are that: “the nature of international interaction is essentially conflictual. […]” & “[military] power is the fundamental feature of international politics. […]” (Sweller and Priess 1997 p.6)

This implies that: “Realism thus denies the existence of any form of collective will or personality [common political values?] for the international system (Waltz, 1979), or the applicability of “universal moral principles” to the actions of states (Morgenthau,

\(^{17}\) The term its self was coined by Nye (2004a), subsequently several liberal authors have identified the EU as a soft power player on the international stage, with McCormick calling the EU a soft superpower (2007), and Moravcsik calling it the Second Superpower (2010). Also see: (Alistar 2013), (Melissen ed. 2007), (Nielsen 2013), (Vachudova 2003).
1978, p. 10). Instead, it regards international organisations as the tools of national governments, „subordinated” to their efforts to maximise their own interests (Strange, 1996; Waltz, 2000, p. 18). From this perspective, the EU is inherently weak as an international actor (if indeed it is one at all), capable at best of only limited or qualified autonomous action, and then only at the behest of the MS, particularly the most powerful, who retain ultimate control. Crucially, in the all-important area of military power it lacks either independence or autonomy of action in a strategic environment dominated by great powers, particularly the US (Bull, 1982; Kagan, 2004).” (Wright 2011 p.4).

Even so, many of the participants of the “international aid game” are international organizations that claim to be acting in the name of such universal values. Explaining this feature of the international system seems to be an outstanding challenge for realist IR theory, although it seems, that there has been relatively little interest in dealing with the issue, as few realists discuss international aid. In the cases when they do mention aid, it is mostly in the context of state-to-state aid, something that is interpreted as an extension of hard power-play, and serves the interest of maximizing state gains. Even so, despite the lack of interest of realism in the role of institutions such as the EU in foreign aid, we may make deduce some general realist observations about the topic.

II./3.1 Explaining state to state aid

First of all, we must start out by discussing Morgenthau’s observations on foreign aid provided by states, for states. International development aid today is usually associated with moral considerations – as is explored in greater detail in Chapter III – and is generally looked upon as a soft power tool of foreign policy. Morgenthau however understands aid’s role very differently. Remarking on an ongoing debate on whether having any sort of international aid policy was a legitimate aim for U.S. foreign policy or not, Morgenthau wrote: “It is in fact pointless even to raise the question whether the United States ought to have a policy of foreign aid, as much so as to ask whether the United States ought to have a foreign political or military policy. For the United States has interests abroad which cannot be secured by military means and for the support of which the traditional methods of diplomacy are only in part appropriate. If foreign aid is
Morgenthau’s vision of the purpose that foreign aid actually serves is based on the casually pessimistic observation, that corruption is a natural part of politics. It always has been, it always will be, and the only reason it is not institutionalized into the system of development aid policies, is because of societal pressures, and hypocrisy. (Morgenthau 1962, p.302). It certainly seems safe to suggest, that if such was the perception of how society would react to institutionalized bribery in the 60s – in the midst of the Cold War, and the actual threat of annihilation – than in today’s world of relative peace, and increased social activism this perception is only amplified.

In an attempt, to explain the foreign aid activism of Denmark, Norway and Sweden – some of the largest foreign aid donors in the world, in relative terms – Forsudd (2009) tries to interpret these countries aid policies, within the framework of structural realism. His findings are, however very limited and thus demonstrate the limited capability of structural realism to place the concept of foreign aid: “[…] structural realism sheds light
on how smaller states such as Denmark, Norway and Sweden would seek more security and maximize economic benefits through any means possible, i.e. through ODA. However, the concept of power, central to the realists, does not appear in the investigation. Also, the motives for security and economic benefit do not seem as important as altruistic motives. However, the theory helps explain how smaller states lacking the capabilities of larger states would seek to become leading in other fields of foreign policy. In this case, these states are creating a niche for themselves in the development policy area.” (pp. 38-39).

II./3.2 A possible explanation of international organization’s role?

Moving on to the issue of the role of international organizations, we are immediately confronted with a problem: realism is unable of interpreting non-pragmatic international organizations, with purely moral goals within the realm of anarchy. As we have discussed above, military style structures, like the NATO, or the Warsaw Pact, can be easily interpreted by realism (see: bipolarity and defensive realism). Pragmatic forums of international cooperation like the WTO, or the IMF can be interpreted relatively easily as well – the need to have some binding rules on international trade in order to ensure stability is a concept that realists can accept. However, organizations - or committees within international organizations – like the DAC, or the UNDP, dumbfound realism. All realisms accepts the inherent state of anarchy, as the primary “superstructure” of the international system – as discussed in part 1 –international cooperation, in the form of IGO’s, are perceived as nothing more than extended fields of state power play, where international organizations can have no separate identity.

The only possible explanation that realism can give to this paradox is based on the observations of human nature, made by Reinhold Niebhur (1996). Although Neibhur is considered a classic realist, his thoughts on human nature differ slightly from those of Morgenthau, who perceives humans to be inherently evil. Neibhur’s thoughts are quaintly summed up by Rato (2007): “Niebuhr posits man’s essential duality; that is, mankind’s innate capacity for both good and evil. Flowing from this duality, Niebuhr concludes that “human nature contains both self-regarding and social impulses”, although he is careful to add the caveat that the “former is stronger than the latter”.
These inherent “limitations of human nature” evinced as self-interest are expressed forcefully in groups (political communities organized in states), a conviction of critical import underlying Niebuhr’s normative realism and the key role of power in international relations” (p. 8).

Joining the observations of Morgenthau and of Neibhur, Fazleeva proposes a coherent vision of how realists interpret international aid: “Realists would argue that sending aid has nothing to do with compassion as, first of all, this contributes to states’ status in the international arena. But how then can private donations and charity funds be explained? The best way to understand is to consider the fact that human nature is not flawed, but dual. And even if International Organizations sometimes fail to achieve peace or resolve conflicts, they were created because of natural human impulse to help each other and to prevent future catastrophes. Because of this impulse, the League of Nations, and later the United Nations, emerged. And if people, despite previous mistakes, keep on trying to construct dialogue and continue to cooperate, the world will change for the better, not worst.” (Fazleeva 2013)

II./3.2.1 What about the EU?

The EU factors into the realist perception, somewhere between the logic behind state to state aid, and the workings of flawed, but well meaning international organizations. As we have seen at the beginning of this paper, the EC only provides around 20% of the aid attributed to EU MS. This amount of money, is spent in accordance with the European Consensus on Development, with the primary goal, of working toward reaching the so called Millennium Development Goals: “The primary and overarching objective of EU development policy is the eradication of poverty in the context of sustainable development, including the achievement of the Millennium Development Goals (MDGs).” (European Commission 2012) The MDG’s, clearly factor in to the Neibhur based explanation of why international organizations do what they do, and the seeming fact that they are doomed to fail (Harris and Provost 2013) only strengthens the perception of Fazleeva, explained above. The larger amount of money leaving Europe in the form of development aid, is, however still coming from sovereign states, that according to the realist perceptions will inevitably be used as a means to forward their own interests; security or economic based.
II/4 Conclusions

In this chapter we have looked at the multifaceted theory of realism. Regarded as the founding theory of the modern social science of international relation, realism has been around the longest, since the beginning of the Cold War. This means, that it has undergone a variety of transformations, and has seen the emergence of several branches. Even so, the scope of realism has remained relatively narrow, focusing on hard power issues. This has made examining international trade and aid policies difficult – since these are generally regarded as being soft power tools, a concept that realists have a problem accepting in the first place.

In this context, the issue of international trade has been explored on a functional basis. I have proposed, that the primacy of the EC in trade, may be accepted by realism as a functional necessity, in order to achieve larger absolute gains. Regarding aid, realism is apt at pointing out, that even though the EC has a limited role in distributing money based on idealist considerations, the dominant majority of aid leaving the EU, is still administered according to the interests of sovereign states, that may use this money to further their individual goal in international relations.
Chapter III: absolute gains versus relative gains & the moral dimension; examining European external action through liberal spectacles

III/1 Introduction

III/1.1 Defining Classical Liberalism

The principal assumptions of classic liberal theory (see Burchill et al. 2009; Kant 1983 [1795]) is that the depiction of international relations as a “zero-sum game” or a system of perpetual anarchy and rivalry among states is not adequate to describe the post WWII stage of international relations. Liberals proposed (Deutsch et al. 1957; Deutsch & Singer 1964; Wendt 1992;) that with the expansion of liberal democracies, the chance of war among sovereigns would decrease - democratic peace theory\(^{18}\) – and would bring about an increased potential for mutual prosperity, through the expansion of free trade. These assumptions are of course in close relation with classic economic theories of international trade\(^{19}\). Just think of how Adam Smith’s *Wealth of Nation’s* (Smith 2012 [1776]) and David Ricardo’s *On the Principles of Political Economy and Taxation* (Ricardo 2004 [1817]) describes liberal international trade as a vehicle for global goods redistribution, serving the mutual benefit of all involved.

The increasing volume of international trade and the maintenance of the democratic peace necessitate the expansion of institutionalized interstate dialogue – the argument continues (Karns & Mingst 2004, pp.35-44). Resolving trade disputes, negotiating common rules and making sure, that common moral norms are respected all require some sort of supranational authority. While an elaborate systems of international governance have indeed been created (through IGOs), both in trade, and in dispute settlement, and while we have seen a significant increase in the number of expansion of international civil society organizations (NGOs) (see: Turner 2010), the Kantian ideals that classic liberals envisioned have not prevailed.

\(^{18}\) “For Liberals such as Schumpeter, war was the product of the aggressive instincts of unrepresentative elites. The warlike disposition of these rulers drove the reluctant masses into violent conflicts which, were disastrous (...) for Kant, the establishment of republican forms of government in which rulers were accountable and individual rights were respected would lead to peaceful international relations...” (Burchill et al. 2009, p.61).

\(^{19}\) For a comprehensive review of international trade theories, see: Sen (2010).
III/1.2 The Evolution of an Idea: Neoliberalism

Much to the disappointment of liberals, the United Nations (UN) has proven to be little more than a forum for discussion in most cases. Substantive SC (Security Council) resolutions are scarce, and even when they exist, they are often, ignored, or provide half-solutions, or result in significant humiliation for the organization. Possibly the most successful initiatives of the United Nations are its specialized agencies funds and programs that have developed into global brand names: like the WHO (World Health Organization), the UNDP (United Nations Development Program) the UNHCR (United Nations High Commissioner for Refugees) etc… However, even these organizations face problems: derailed humanitarian aid (see: Blouin & Pallage 2008) or inertia and ineffectiveness in relocating refugees (see: Alborzi 2006; Chiusiwa 1999;).

Regarding the global NGO community, it is true, that it has evolved greatly over the past decades, however organizations like Human Rights Watch, or Amnesty International have proven to be more effective at “calling out names” or pointing out problematic issues, than actually resolving them, or forcing states to resolve them. While even neo-realists admit that these entities are no longer totally ignorable, they are regarded as little more than extensions of state’s power & will, crippled without support and willingness from sovereigns (see: Neack & Nelson 2002).

At the very core of these issues like: the failure of the notion of common value based international governance, the insufficient influence of the global civil society etc..., we find the failure of the democratic peace theory. In his 1989 article The End of History? (Fukuyama 1989) – that eventually lead to Fukuyama writing his provocative book, The End of History and the Last Man (Fukuyama 1992) – Fukuyama writes: “What we may be witnessing is not just the end of the Cold War, or the passing of a particular period of post-war history, but the end of history as such: that is, the end point of mankind's ideological evolution and the universalization of Western liberal democracy as the final form of human government.” (Fukuyama 1989 p.1) This notion, mirrors the

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20 Like the various SC resolutions on the sovereignty of the Palestinian Territories and Palestinian Peoples. See SC resolution 2628 (on implementing SC resolution 242) or 2794 from 1971 which calls on Israel to stop settling Palestinian territories (Israeli settlers are still actively settling Palestinian territories till today).

21 SC resolution 2118 on the Destruction of Syria’s Chemical Weapons Stockpiles is one such resolution.

22 The UN involvement in the Yugoslav Wars (1991-1999), and the inability of UN armed forces to stop the ethnic massacre at Srebrenica (1995) is one such example.
expectations that liberal IR scholars had regarding the end of the Cold War, and in a sense, it expresses the hope of reaching the climax of the democratic peace theory, as it was formulated following WWII.

Fukuyama’s argument proved popular, with various scholars formulating similar predictions (see: Devetak 1995; Linklater 1998;). For example, Linklater (1998) writes about the imminent failure of multicultural states, and the subsequent reorganization of international boundaries, laying the way for the creation of what he calls the “post-Westphalian society” (globalised, liberal-democratic societies). The reason for the reorganization, follows from the reemergence of “ancient fault lines” within supposed nations states, that no longer feel the need to maintain territorial cohesion, since the existential threat – and the need to maintain militarily effective sized sovereign units – that has dominated the Westphalian world is no longer present. This way, multicultural/religious/ethnic differences are free to emerge: new states are formed. In a sense, Linklater suggests the undoing of the “imagined communities” so eloquently described by Benedict Anderson (2003). However, in contrast to Huntington’s predictions (Huntington 1996) – who similarly envisions ethnic, religious and “civilizational” conflicts, that will lead to a sort of new cold war – Linklater argues, that this reorganization will eventually lead to peaceful coexistence.

The inadequacy of the original, or classic liberal notions and predictions, has lead to the formulation and emergence of a set of new expectations, and explanations regarding interstate cooperation: Neoliberalism. This new paradigm, first theorized by the likes of Joseph Grieco (1990), Robert Joseph Nye (2004a; 2004b), Robert Keohane (Keohane 2005), and Stephen Krasner (2009), argues that states are willing to sacrifice relative gains, for absolute gains, when those are understood as serving the overall moral aims of liberalism. Powell writes: “The problem of absolute and relative gains divides two of the most influential approaches to international relations theory. Neoliberal institutionalism assumes that states focus primarily on their individual absolute gains and are indifferent to the gains of others. Whether cooperation results in a relative gain or loss is not very important to a state in neoliberal institutionalism so long as it brings an absolute gain. In terms of preferences, this focus on absolute gains is usually taken to mean that a state's utility is solely a function of its absolute gain.” (1991 p. 1)
Cai (2011) captures the difference between the neorealist and neoliberal approaches: “The “absolute gain” theory measures the total effect, comprising power, security, economic, and cultural effects of an action. Neoliberals are indifferent to relative gains. Referring to a non-zero-sum game, they suggest that all states can benefit peacefully and simultaneously by virtue of comparative advantages. In contrast, the realist “relative gain” theory is single-minded in weighing the effects of an action towards power balances. Since it is a zero-sum game, states have to compete with each other to increase their own benefits.”

One of the vehicles of this universalist objective is in assigning certain conditions to free trade agreements. The study of the European Union, as an economic and value based integration, has proven especially popular among neoliberal scholars, with separate branches of thought developing within the same school.

III/2 Conditionality & International Trade: Incentive for Expanding Democracy?

As we have seen from the introduction, questions relating to trade among nations are principal elements of liberal and neoliberal IR theories. As we have established above, the neoliberal paradigm sees trade as a vehicle for expanding the respect for human rights, civil liberties democratic norms, transparency etc… - all within the logic of the so called democratic peace theory. Foreign aid is also viewed in a similar light. Accordingly, both of these European policies operate through the application of conditionality.: “…the EU conditions economic benefits which it provides to third countries on the compliance of those countries with human rights and democratic principles.” (Bartels 2008 p.1).

It is easy to understand why conditionality is key in reaching mutually beneficial free trade if we consider what Moravcsik writes: “Economists widely agree that free trade is superior welfare-improving policy choice for states, yet trade protection is often practiced. To explain protectionism, liberals look to domestic social preferences. An important factor in almost all countries is the competitive position of affected economic sectors in global markets, which generates domestic and transnational distributional

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23 Please note that even though liberal IR theory does deal with questions of international trade, it should not be confused with liberal economic theory and libertarian political theory.
effects: Protectionism is generally backed by producers who are globally uncompetitive; free trade by producers who are globally competitive. Moreover, even if the state is a net beneficiary from free trade, domestic adjustment costs may be too high to tolerate politically, or may endanger other countervailing domestic social objectives, such as domestic social equality or environmental quality.” (Moravcsik 2010).

In the eyes of liberals, the expansion of the sphere of liberal democracies through these methods makes the EU a “soft superpower”. As McCormick notes “…influence in the era of globalization is best achieved by the use of diplomacy, the provision of economic opportunity and political incentives, and the exercise of soft power (…) all qualities that the EU has become adept at employing.” (McCormick 2007 p.7). Doyle also reflects on the matter: “Most contemporary liberal internationalists follow their classical forebears and reject policies of forcible democratization on both principled and consequentialist grounds. Democratic transformation is best fostered peacefully and indirectly through trade, investment, and foreign aid. These can help diversify societies, and diversified, growing societies tend to demand responsive governance in the long run.” (Doyle 2011, p. 1438).

While realists argue (see Ferguson 2004) with the very notion of soft power – first coined by Joseph Nye it is hard to argue with the economic power, that the European Union represents in the world. As the EC points out: the EU is: the largest player on the global trading scene, and the world’s biggest aid donor and most importantly “the largest economy in the world”.

25 „Coined by Nye in the late 1980s, the term "soft power" -- the ability of a country to persuade others to do what it wants without force or coercion -- is now widely invoked in foreign policy debates.” See: Ikenberry (2004)
26 See European Commission 2013
27 See: European Commission 2014
28 See: European Commission 2013
III./2.1 Definition of democratization

I believe that a definition for „democratization” is in order, as it poses one of the principal and reoccurring elements of this chapter. Samarasinghe (1994) writes the following: „I define democratization as a process of political change that moves the political system of any given society towards a system of government that ensures peaceful competitive political participation in an environment that guarantees political and civil liberties…” (p.3) And while I do not intend to quantify any measures, results, or processes of democratization discussed in this paper, for the sake of clarity, I believe this definition should be supplement with a means of quantification. Ethen Kapstein provides just such a means, in the so called “codebook” he provides to the book The Fate of Young Democracies (Kapstein & Converse 2008) when he writes:

“We define “democratizations” based on the "Major Democratic Transitions" in the Polity dataset [Polity IV dataset on political regime characteristics and transitions, devised by Marshall and Jaggers (2005)]. Such transitions involve a six-point or greater increase (e.g. from “-3” to “+3”) in the overall Polity score over a period of three or fewer years. This definition of democratization has been used by other researchers, for example Rodrik and Wacziarg (2005) and Rigobon and Rodrik (2004).” (Kapstein n.d. p.2).

III./2.2 International Trade

Despite the value based aspects of EU external action, in some cases, political realities have to trump ideals. Imagine, for example, a situation where the EU would refuse to buy Russian gas, pending satisfactory steps in the protection of gay rights from the Kremlin. This is why liberal democracy expansion might be best described as a varied practice, depending on the economic realities of the day. Smith notes that: “What emerges from a cursory examination [of the application of conditionality] is that countries that are considered important for commercial or political purposes generally, do not suffer, or suffer less from negative measures” (Smith 1997 p.24). Of course, this does not mean, that the eventual aim of expanding the sphere of liberal democracy has to be given up, with regard to economically important, yet undemocratic countries. As
we will see later on, aid, directed toward the civil societies of such countries is a possible alternative to imposing trade sanctions.

**Map 1.** EU Preferential Trade Agreements, agreements under negotiation etc… (European Commission 2012a)

Of course, as *map 1* demonstrates, trade necessities do not necessarily mean preferential treatment either. Put plasticly: just because we (the EU) need Russian gas, does not mean that we have to grant them preferential trade agreements. Furthermore, as recent developments in an EU’s antitrust probe into Gazprom’s practices has shown, the soft superpower is not totally incapable of defending its own interests – although it is true, that the EU’s common energy policy has been heavily criticized by several
commentators for providing inadequate cohesion in the face of external threats, like that posed by Russia.

There are several arguments, presented in favor of some sort of linkage between the expansion of spheres of liberalized trade and democratization (see: Boix & Stokes 2002; Eichengreen and Leblang 2008; López-Córdova & Meisner 2005; Levitz & Pop-Eleches 2010;). Helen Milner of Columbia University, presents the following argument, for example: “Democratization, which implies an increase in the selectorate’s [“the group of actors who participate in the selection of political leaders” (p.13)] size, changes the calculations of political leaders about the optimal level of trade barriers; it induces the adoption of trade policies that better promote the welfare of consumers/voters at large, which implies trade liberalization in this context. While protectionist interest groups remain important in developing democracies, other groups preferring lower trade barriers become more important for political leaders since they are now part of the selectorate upon which leaders can depend for their political survival.” (Milner 2004 p.39).

Here we should note the difference between the levels of analysis between realists and liberals. Liberal arguments, such as the one presented above, perceive societal changes as important elements of determining state action, whereas realists see states as “black boxes”, acting in the same way, no matter their political systems. In this sense, Milner’s argument implies a self generating process: that the more a society democratizes its self, the more open it will become to international trade – and implicitly, to the processes of globalization, which, in turn promote democratization even further.

López-Cordova and Meisner use: “…a measure of natural openness obtained via the gravity model of trade à la Frankel and Romer (1999)” (2005 p.2) in their investigation of the correlation between international trade and democratization. They find that: “an autonomous move from autarky to the average level of openness could eventually raise a country’s democracy measure by somewhere between three and five points […] To put this in perspective, this would have been comparable to seeing countries like Argentina, South Korea, Brazil or Romania (all with polity scores of 8) achieve a polity score similar to the US, the UK or France in the year 2000 […] if there was an actual policy change such as the ending of inward looking trade policies or the signing of trade agreements to lower tariffs.” (López-Córdova & Meisner 2006 p.24).
III/2.3 The Case of Central Eastern Europe

And there was an actual policy change. Although Córdova & Meiser do not mention CEE countries that joined the EU in 2004, had they written their paper only a few years earlier, Hungary, Slovakia, the Czech Republic etc… could have easily been substituted in place of Romania. In 1989, following the collapse of the iron curtain, CEE started down the long road of *Euro-Atlantic Integration*: economic incentives where tied to *conditionality* criteria (Copenhagen Criteria) – just as they are today. Cooperation on behalf of the CEE countries was just as important as was Western Europe’s willingness to open its markets and provide aid. This is well illustrated by the initial lagging-behind of Slovakia in the integration process during the mid 90s: “While serving as Prime Minister, Vladimir Meciar’s controversial political and economic policies prevented Slovakia from joining the first wave of countries to accede to NATO and from starting accession negotiations with the EU.” (Fisher 2004 p.1).

25 years on, the region seems to be more or less stable, with the Czech Republic among the top 20 democracies in the world. Only Bulgaria (54th), Hungary (49th), Latvia (47th) and Romania (59th) showing tendencies of weakening democracy since the mid 2000’s (see the appendix to consult the Economist’s Democracy Index tables through several consecutive years). It should however be mentioned that even Romania – with the weakest democratic index in the EU – is still ahead of all Balkan and post-soviet countries. Even so, as two young scholars from Princeton University note that “Even after accession, the new EU members progressed faster in terms of democracy and governance than other post-communist countries. Nevertheless, with the notable exception of FH democracy scores, the generally smaller size and weaker statistical significance of the post-accession effects compared to the pre-accession stages suggests a certain reform slowdown, i.e. “coasting along,” rather than “backsliding.”” (Levitz & Pop-Eleches 2010; pp. 22-23) Even so, liberal IR may argue, that if coasting along has proven to be enough to expand the region of democratic peace within Europe – after all, Western Europe has been at peace for 70 years – it is still a better option than resorting to the pursuit of relative gains.

Of course, simply stating that trade policy was the one and only element that moved CEE toward democratization would be foolish. The geopolitical changes that resulted
from the end of the cold war, the societal pressures from within CEE countries all played a large part in the process. Nevertheless it lies at the center of the liberal arguments on role of the European Union in the currently evolving world order, not only from an external action point of view, but from a European integrational point of view as well. While concepts such as liberal Intergovernmentalism, and functionalism have not been discussed here – since the paper focuses on external action – it should be added to the arguments already enumerated, that the liberals view of why European integration works, is closely interlinked with how liberals see the evolution of the world stage. As Professor Moravcsik noted during a commentary of his book, *The Choice for Europe* (1998): “In an era where democratization has pacified Western Europe, talk of federalism triggers deep public suspicion, and technocratic planning (central banking excepted) has fallen out of fashion, Europe is none the less proceeding toward enlargement, monetary integration, and an ever deepening single market. There is an underlying functional reason for this, namely the consistent increase in social support, above all from producer interests, for the economic integration of Europe. Over time, underlying socio-economic developments and the prior success of the EU in achieving its objectives have created invested economic interests that are the major guarantors of its future stability” (Wallace et al. 1999 p. 176).

Implicitly, the big question for liberals – on the external action front – is whether the successes reached in CEE can be duplicated, with respect to others in its immediate vicinity. Deliberations of the EU’s effects on global affairs among scholars raise questions about the efficacy and means of soft power in general (Melissen ed. 2007; Nielsen 2013;) and specifically in relation to the EU and its neighborhood, with a particular focus on the Balkans (Burnett 2013; Vachudova 2003;) perhaps, because that region is seen as having made the most progress – as illustrated by the Croatian joining of 2013. The challenges however are ample: ranging from North Africa and the Middle East, to the Caucasus, and Central Asia, we find political turmoil, instability and uncertainty. The United States, it seems, has taken a step back – for example in Syria – and the European Union is increasingly presented with the opportunity to step up its game – for example in the stabilization of Ukraine or Libya. Of course, one should also note, that Europe is in the midst of a possibly game changing transformation, resulting from the challenges emergent of the world economic, sovereign debt, and the euro crises, although it would be too early to envision a federal Europe or a Europe of
nations states. However, if the world is to come close to achieving some sort of Kantian world order, then Europe, as a dominant economic entity, and the largest sphere of democracy in the world, will surely play a quintessential part in reaching that order.

III/3 International aid policy: Sweetening the deal?

As we have discussed above, the principal goals (or duties even) of the EU on the world stage – according to liberal IR - is to spread the sphere of democracy. Trade policy, however, can only be regarded as a limitedly effective vehicle for this process, since the EU has a varied influence on the trade policies of its international partners. According to the so called “Gravity Theory” of international economics “…there is a positive relationship between trade/financial flows and the sizes of countries and a negative relationship between trade/financial flows and distance.” (Bloomberg & Rosendorff 2006). In other words, this implies that complying with EU conditionality – which might be seen as quite a costly process (Schimmelfennig & Sedelmeier 2005) - is more important for countries in the immediate neighborhood of the Union, than for those farther away from it. Or, it might also mean, that the supposed effects of trade, have a bigger effect on economies that are more interlinked with the EU.

In this part of the chapter, I wish to highlight, how and why IR liberals might interpret the practice of providing international aid and development assistance to developing countries by the EU, as a supplementary instrument of democratization, and the above described economic peace theory. The declared objective of emphasizing the so called “Aid for Trade” approach means that the EU: “…aim to help developing countries develop the means to benefit from open global markets.” (European Commission 2013c) – Then this proposition seems to fit well in the economic peace theory.
Even though the concept of “foreign aid”, or “international development assistance” as such has been present in the world of international relations for quite some time – Marshall Plan 1948, establishment of UNDP 1965 – scholars have increasingly become interested\(^{29}\) in investigating the possible correlations between democratization and aid in the new millennium (see: Arvin and Barillas 2002; Dunning 2004; Enia 2006; Ishiyama, Sanders, and Breuning 2007/2008; Knack 2004; Wright 2009). In general, the literature - Wright points out – focuses on studying the relationships between recipient selection and donor objectives, and can be categorized quite well:

“Concerning these objectives, scholars of foreign aid have come to some fairly robust conclusions about which countries get foreign aid and why. In short, we know that bilateral donors are more likely to give aid to trade partners, former colonies, and strategic allies (Alesina and Dollar 2000), while multilateral donors are more likely to give aid to countries with a good history of growth and political stability (Schraeder, Hook, and Taylor 1998). Recently, scholars have shown that donors also favor politically salient recipients, particularly countries that sit as rotating members of the U.N. Security Council (Kuziemko and Werker 2006). However, other scholars find that aid distribution follows a more altruistic, or at least a more competent, pattern: aid to poorly governed countries mostly takes the form of disaster relief, while aid to better-governed countries is predominantly development aid (Bermeo 2008). Further, there is evidence from the 1990s that bilateral donors decrease aid in response to antidemocratic behavior in recipient countries (Hyde and Boulding 2008).” (Wright 2009 p.568).

The attitude of donors indicated above by Wright seems to be rejected in the main documents of the EU’s Development and Cooperation Policy (simply referred to as aid policy from now on). The so called European Consensus on Development (European Parliement et al. 2006) – a soft law joint statement – of the Council, Commission and Parliament, which serves as the basis of the Union’s aid – mentions “the promotion of democracy” 17 times, alongside the achievement of the Millennium Development Goals. However, contrary to the best of intentions, as Sauvone & Tirone point out:

\(^{29}\) Perhaps, this development has been sparred on, by the failure (?) of the neo-conservative experiment of “democracy export” (Goldsmith 2008; Hathaway 2010) to Iraq and Afghanistan, with scholarly attention being drawn to the issue of democratization in general.
“Democracy aid potentially can help bolster state institutions; however, it may not always be the case that new “democrats” will not be prone to “undemocratic” tendencies.” (Sauvone & Tirone 2011 p.236). Perhaps, this is one of the reasons, why Africa remains such an “aid guzzler”, as is indicated by map 2.

Map 2: Destination of EU aid, by region (European Commission 2013d)
It is also worth noting, the possible correlations indicated by map 2 & table 2 and the implications\(^{30}\) of the gravity theory, as described above, in order to see, if its assumptions, that aid is indeed used as a supplementary tool of trade motivated democratization. While in absolute figures, Africa received the most aid from the EU in 2010, (Non-EU member) Europeans only received 14 dollars per capita less than their sub-Saharan African counterparts, and two times the amount of Latin American and Caribbean citizens. At 37 dollars, Arab countries are only 3 dollars behind European countries. These numbers become especially exciting, if we look at the trade volumes of the regions involved.

\(^{30}\) It should be noted: while map 2 displays EU aid spending ONLY, table 2 numbers have been calculated by the World Bank: including the contributions of all DAC countries. This means, that the consequences drawn in the chapter, relating to how aid is used as a supplementary tool of the expansion of the democratic peace, should be regarded within the framework of an overarching liberal paradigm, encompassing all DAC countries. This correlation can also be made through
Table 3: Merchandise trade of the European Union (27) with the rest of the world, 2011 (based on: WTO 2012a p.31)

<table>
<thead>
<tr>
<th>Dest.</th>
<th>Value 2011 in USD billions</th>
<th>Share of total EU trade annual % change</th>
<th>Dest.</th>
<th>Value 2011 in USD billions</th>
<th>Share of total EU trade annual % change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>4293810</td>
<td>73.</td>
<td>71.</td>
<td>10</td>
<td>17</td>
</tr>
<tr>
<td>Asia</td>
<td>575412</td>
<td>7.5</td>
<td>9.5</td>
<td>24</td>
<td>21</td>
</tr>
<tr>
<td>N. America</td>
<td>433089</td>
<td>8.9</td>
<td>7.2</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>CIS*</td>
<td>210719</td>
<td>2.5</td>
<td>3.5</td>
<td>22</td>
<td>30</td>
</tr>
<tr>
<td>Africa</td>
<td>183490</td>
<td>2.6</td>
<td>3.0</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>M. East</td>
<td>159228</td>
<td>2.7</td>
<td>2.6</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>South &amp; Central America</td>
<td>109472</td>
<td>1.3</td>
<td>1.8</td>
<td>32</td>
<td>21</td>
</tr>
</tbody>
</table>

*Commonwealth of Independent States

As table 3 shows the EU conducts – by far – the largest proportion of its international trade, both with regard to exports and imports, with non EU European countries. Non-EU but European recipients of EU foreign aid fall within this group as well. These recipients are Albania, Bosnia and Herzegovina, FYR Macedonia, Moldova, Kosovo, Montenegro, Serbia, Turkey, Ukraine, Serbia, Kosovo and Montenegro (see: map 2). Out of these countries, four are candidate countries, and with the exception of Kosovo, Ukraine, and Moldova, all of them have preferential trade agreements (see: map 1) with the EU Moldova is negotiating its own agreement, and we are currently witnessing the unfolding of a Ukraine – Russia military standoff in Crimea, resulting from the failure of former Ukrainian President Yanukovych, to sign an EU preferential trade agreement. And even in Kosovo, where no agreement is being negotiated, the EU is heavily involved in the creation of a modus Vivendi between Kosovo and Serbia. All this is important, because it shows the mutual intent of the parties to eventually extend the boarders of the EU – and thus, the sphere of liberal democracies. Yet, these European countries still only receive 14 dollars per capita less aid wise, than their African
counterparts, although Africa remains the poorest continent of the world. Is this surprising?

Within the logic of the neighborhood policy, and the liberal notion of the expansion of the sphere of liberal democracies, this is not at all surprising. Since these countries are in the immediate “gravitational pull” of the EU, they are more susceptible to outer influences, and impulses. The large amount of aid they receive, seems to suggest that the assumption, that aid is used as a tool for supporting processes of market liberalization, and thus democratization, is in some form correct. And although Enia writes that: “Hearn (2000), for example, is critical of the motives behind U.S. foreign aid to South Africa. She argues that despite the fact that the U.S. gives in the name of supporting democracy, its true goal […] is economic stability.” (2006 p.16) we ultimately find ourselves back at the starting point of neoliberal economic peace theory: that is to say, that economic stability, if it involves trade liberalization – and in the case of EU trade agreements, we know that it does – it ultimately leads to democratization.

III/3.2 The Role of Civil Society

After we accept that aid has its uses as a supplementary tool of democratization, we should also discuss – if only briefly, the ways in which it works, from the bottom up. This is important whilst discussing the liberal paradigm, because one of the principal assertions of the various schools of IR liberalism – classic-, neo- alike – point to the significance of sub state actors in cross boarder relations. Playing the carrot and stick game at a state to state level – or a Commission to State level – with the distribution of aid, and conditionality is one thing, yet several authors note, the important role that bottom-up civil movements have on creating a working democracy (First discussed by: Tocqueville 2004 [1838]). Scholte (2011) sees the importance of global civil societies in legitimating intergovernmental institutions partaking in global governance, while others examine civil societies from a more micro perspective: Forbrig (2002) talks about a nexus that exists between civil society and the development of democracy, and others like Burnell & Calvert (2004) talk about the limits of focusing exclusively on civil society, but nevertheless, they too acknowledge its role in general. The fact of the matter is, that: “…in 2011, the equivalent of 14.4% of DAC Members' total ODA
(official development assistance) was channeled to and through CSOs (civil society organizations) in 2011.” (OECD 2013b, p. 3)

While incentivizing international trade is arguably a process exclusive to state-state relations, diversifying international aid to promote bottom-up societal change, is an exercise dependant on sub-state actors. (Note, that here we return to the first observation of classic liberalism that after being refined by neoliberals sounds something like this: the state is not the only actor in international relations!) NGO’s in donor and recipient countries alike are wholly necessary in order to fund local grassroots initiatives, which in turn may have far reaching influences over processes of national importance. Take the following, for example: “My main conclusion is that although civil society assistance forms a relatively small proportion of aid programs compared to other areas of support, the kind of civil society organizations that donors fund in Ghana, Uganda and South Africa are among the key actors in each society. Such groups are at the centre of shaping the most important questions facing each of the countries: the type of economic policy to be pursued, the meaning and content of democracy, the form and power of local government, and the position of women in society.” (Hearn 1999 p.22).

What more as Desai & Kharas (2010) argue that thanks to the mass availability and mass proliferation of the internet, direct cross-border civilian involvement and solidarity is on the rise! This point highlights the globalism, and vis-à-vis nature of civil society activism, although as OECD data shows, that providing aid to donor country based CSOs constitutes a substantially larger chunk of bottom-up aid, than providing for recipient countries CSOs: “In 2011, DAC members provided around 15 times more ODA (USD 16.9 billion) to and through CSOs based in their countries than to developing country-based CSOs (USD 1.1 billion).” (OECD 2013b p. 3).

And while the EU explicitly recognizes civil society as a catalyst for democratization- “The EU supports the broad participation of all stakeholders in countries' development and encourages all parts of society to take part. Civil society, including economic and social partners such as trade unions, employers' organizations and the private sector, NGOs and other non-state actors of partner countries in particular play a vital role as promoters of democracy, social justice and human rights. The EU will enhance its support for building capacity of non-state actors in order to strengthen their voice in the development process and to advance political, social and economic dialogue. The
important role of European civil society will be recognized as well; to that end, the EU will pay particular attention to development education and raising awareness among EU citizens.” (European Consensus on Development 2005 p. 4).

A study done by the European Parliament’s Policy Department notes the shortcomings of the EU’s approach, and tactics:

“Current processes in EU assistance seem to build on the assumption that a wide-enough spectrum of CSOs actually have the capacity to engage in the competition process on fair grounds. The latter conflicts with views expressed by actors of the civil society: a feeling of frustration created by the fact that only a few CSOs can actually have access to EU funding. Under the existing schemes, various side effects actually reduce the capacity of the EU assistance to meet their stated objectives with regard to civil societies: exclusion of grass-root organizations, limitation of partners to a small pool enjoying continued funding. While being effective tools to ensure fair competition for funds, calls for proposals are widely seen as a major obstacle by many civil society actors across partner countries and de facto exclude wide segments of the host civil society. The newly stated EU intention to foster a “partnership with societies” in its neighbourhood translates into a stronger emphasis on support to local society actors. Complementing existing instruments, new mechanisms are being set up in the frame of the revised ENP, e.g. the CSF and EED. To maximise the impact of each instrument, clear differentiation must be made, not least to ensure a clear picture reflecting the EU’s logic, and for CSOs to find their way through the multitude of EU mechanisms.” (European Parliament 2012, p.5).

**III/4 Conclusions**

In this chapter, I highlighted, that through the evolution of the liberal school of thought of IR, the democratic peace theory has been maintained – and developed – as one, if possibly not the most important assumptions of liberal scholars. Through its evolution, the theory has been interconnected with notion of free trade since it is presumed, that mutual economic dependencies between countries serve as: a) guarantees of conflict aversion b) and a means of increasing the sphere of liberal democracies – which in turn, leads to the realization of the democratic peace theory. By applying conditionality to
measures of trade liberalization, countries that are heavily dependent on conducting trade with the EU are motivated to implement democratic conditionality. A good example of the successful expansion of the sphere of democracy to a number of countries is the 14 year long process that lead to the 2004 expansion of the EU.

International aid fits right in to the above described process, with the EU – and other DAC countries – since international development aid, is easily seen as an instrument of preparing aid recipients to enter the international bloodstream of free trade, by developing the export related elements of their economies. This is illustrated by the DAC countries common initiative within the confines of the WTO: “aid for trade”. Of course this sort of aid activity is supplemented by humanitarian aid, which is not discussed here. However, we should note, that some scholars, have identified a certain level of complexity, regarding this type of aid as well: “Realistically speaking – and effective humanitarians must be realists as well as idealists – humanitarian considerations are always the bridesmaid, rarely the bride [sic!]”. In the words of political scientist Neil Macfarlaine, “Humanitarian imperatives are only one – among a complex set of factors that impinge on the definition of interests and policy” (Smillie & Minear 2004 p.74).

We have also seen that while African countries receive the highest amount of nominal and per capita aid in the world – excluding mini, and mini-island countries – European aid recipients only received 14 dollars per capita less in 2011 than Africans. Similarly, relatively high levels of aid are provided to the immediate Mediterranean neighbors of the EU, the North African Countries, which are, at the moment, in a prolonged flux of political transformation (starting with the so called Arab Spring) and are heavily dependent on trade relations with the EU. This could indicate that these countries, which trade more with the EU than African countries, are the next “targets” of the expansion of the sphere of democracy and economic peace, since the development aid provided to them, serves to strengthen their ties with DAC countries, according to the logic of the gravity theory of economics. Problems may however arise – as illustrated by the example of Ukraine – when these countries boarder two economic interest zones, both of which are donors – Russia – and both of which have heavy trade ties with the recipient country. We have also briefly discussed why the possible expansion of aid activity in the direction of civil society initiatives – currently around 1/4th of all aid –
would fit into the liberal understanding of international relations, and why it could further induce democratic change.

Chapter IV: Constructivism: *a shell for observing attitudes*

IV./1 Introduction
Interpreting international trade and foreign aid from a constructivist standpoint is possibly the biggest challenge in this entire paper. Emerging after the Cold War, in the early 90’s, constructivism is revolutionary, since it breaks with the system wide perspectives followed by contemporary realism and liberalism. It moves to the sub-state level, opening up the “black-box” to an extent far beyond anything liberal theories ventured to do. It also questions other core foundations that previous schools shared: most importantly, it questions the basic motive of self help, behind state action. Constructivism also symbolizes a step away from the somewhat isolated orthodoxy of IR theory. It opens the doors on other social sciences (mainly sociology) breaking the barrier between the very theoretical notion of sovereign actions and the fabric of society. This is why, it understanding constructivism, and interpreting state behavior within the context of constructivism, requires more in-depth theoretical knowledge of not only other areas of the social sciences, but a more in-depth knowledge and a specific understanding of each individual actor (its history, its political system, social divisions etc…) under scrutiny.

VI./1.1 Defining Constructivism
Put plastically, constructivism concentrates on the fact, that states are in essence what the people living within them make of them. As Onuf puts it: “Constructivism holds that people make society, and society makes people” (1998, p. 59). Translated to the realm of international relations, this implies that: “anarchy is what states make of it”. This catchy term was coined by Alexander Wendt, in his 1992 article: Anarchy is what States Make of it (Wendt 1992). In this article, Wendt – regarded as the founder of Constructivism – develops his notion from making a set of very strong critical
observations not only of the core observations of previous schools, but of the very fundamentals of the entire discipline. Realizing that the basic tenement of the rational & self-serving actors – made by classical realism – has been accepted by subsequent liberals, Wendt categorizes liberal thinking as being stuck on elaborating on how processes (like institutionalism and trade in the case of the formation of the EU, or international trade in case of the spread of democracy beyond the boundaries of the EU, for example) can change state behavior, thus maintaining the same overall structure of the system (p. 392). As he puts it: “By adopting such reasoning, liberals concede to neorealists the causal powers of anarchic structure, but they gain the rhetorically powerful argument that process can generate cooperative behavior, even in an exogenously given, self-help system” (p. 392).

Wendt defines Constructivism’s main point of interest, in elaborating on how “knowledgeable practices constitute subjects”, that is to say, on how learning processes and exogenous inputs – changes in the world around states – can help form and transform state’s perceptions of their own interests. According to Wendt, this does not fall far from the elaborations of some liberals – like Nye or Keohane – the main difference being that the constructivist inquiry has undergone a sort of transformative leap, from interpreting responses to change as processes based on pre-set principles and exogenous norms to interpreting them as endogenous and dependent of individualistic characteristics (pp. 393-395).

In the already cited article – One World Many Theories (Walt 1998), Walt writes the following of constructivism: “Whereas realism and liberalism tend to focus on material factors such as power of trade, constructivist approaches emphasize the impact of ideas. Instead of taking the state for granted and assuming that is simply seeks to survive, constructivists regard the interests and identities of states as a highly malleable product of specific historical processes [sic!]. They pay close attention to the prevailing discourse(s) in society because discourse reflects and shapes beliefs and interests, and established accepted norms of behavior. Consequently, constructivism is especially attentive to the sources of change [...]” (p. 40). Perhaps than it is little wonder, that this school has gained hold as the “third theory” of international relations only following the end of the Cold War, in an epoch of turbulent change.
It is also worth adding Brown’s and Ainley’s observations on the third theory, which perhaps capture the central issue more plastically: “The central insight of constructivist thought can perhaps best be conveyed by the notion that there is a fundamental distinction to be made between ‘brute facts’ about the world, which remain true independent of human action, and ‘social facts’, which depend for their existence on socially established conventions (Searle 1995). There is snow on the top of Mount Everest whether anyone is there to observe it or not, but the white and purple piece of paper in my pocked with a picture of Adam Smith on it is only a £20 note because it is recognized by people in Britain to be so. Mistaking a social fact for a brute fact is a cardinal error – and one constructivists believe is made with some frequency – because it leads to the ascription of a natural status to conditions that have been produced and may be, in principle, open to change. Thus, if we treat ‘anarchy’ as a given, something that conditions action without itself being conditioned by state action, we shall miss the point that ‘anarchy is what states make of it’ and does not, as such, dictate any particular course of action (Wendt 1992). We live in ‘a world of our making’, not a world whose contours are predetermined in advance by non-human forces (Onuf 1998).” (pp. 48-49).

VI/1.2 The question of attitudes: Wendt´s models of “role-taking” and “cating”

Because of the lack of system wide frame(s)31 when dealing with constructivism, we have to focus on interpreting the attitudes of the subjects we wish to examine. Attitudes of how states and other international actors – or those individuals representing states, and other international actors – perceive their own role in a given situation. Wendt calls this process “role-taking”.

As he writes, actors have reasonable leeway in assigning different roles to themselves in different situations: “Role-taking involves choosing from among the available representation of the Self who one will be, and thus what interests one intends to pursue,

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31 It has to mentioned, that Wendt does attribute some common needs to all states, in the same way that one can attribute some common needs to human beings, or, as Wendt puts it, common needs to all “members of a given species” (p. 328). In the case of states, this amounts to: “physical security, autonomy, economic well-being, and collective self-esteem” (p. 328). However, this is far from an overarching framework for interpreting state interactions. This basic need set, does not, for example imply interest maximization any more than it implies that democracies will surrender violence among one another, or be inclined toward spreading it to their neighbors.
in an interaction. In a First Encounter actors have considerable freedom in choosing how to represent themselves (as conqueror, explorer, trader, proselytizer, civilizer, and so on), whereas in most real life situations role-taking is significantly constrained by preexisting shared understandings (when I step in front of a classroom I could in theory take the role of opera singer, but that would be costly). However, it is an important feature of the integrationist model that even in the latter case role-taking is seen at some level as a choice, of a “Me” by the “I” no matter how unreflective that choice might be in practice.” (1992, p. 329)

This process happens simultaneously with another, which is known as “casting”. Within the context of a two-state theoretical model (where one state is Alter and the other is Ego) Wendt describes casting as follows: “By taking a particular role identity Ego is at the same time “casting” Alter in a corresponding counter-role that makes Ego’s identity meaningful. One cannot be a trader without someone to trade with, a proselytizer without a convert, or a conqueror without a conquest […]” (1992, p. 329).

As Walt points out, this is why: “…it matters whether Europeans define themselves primarily in national or continental terms; whether Germany and Japan redefine their pasts in ways that encourage their adopting more active international roles; and whether the United States embraces or rejects its identity as a “global policeman””. (1998, p.41). This assertion will be my main point of departure in this chapter, in interpreting the two cross cutting variables of international trade and international aid, from a constructivist point of view. Is being an economic giant and a political pigmy the result of a conscious choice – or role taking – on behalf of the European Union (or of the states it consists of?). If it is, than how do these external action policies fit into this role? By interacting with third parties, through them, what kind of roles is the EU being cast into by its partners?

**VI/1.2.1 Interpreting the EU it’s self**

Before continuing on to answering these questions, the issue of how constructivism sees the EU as an entity has to be cleared-up. Whereas realism regards the EU as nothing more than cooperation based on common interests, liberalism adds a set of common values to the EU, while attributing it with separate identity that transcends the sum of its
member’s identities. In the case of constructivism, these perceptions are challenged on several levels, as this theory: a) opens up the black box of realist state interpretation in a far more free spirited way than liberalism does. Constructivism does not assume forms of action pending on the level or quality of a country's democracy. The very concept of foreign policy formulation is seen as being wholly dependent on attitudes of individuals. Attitudes of self-perception, perception of partners, formulated through social and political discourse on a variety of levels. External action is perceived as just another area, where such complex social interactions, and not rules of realpolitik or moral considerations, make-up the eventual policies that the EU peruses (although this does not mean that the end result will not be the same). This argument also supposes that other actors of the international stage function much in the same way. This is a radical departure from the other two schools makes it necessary to spend a little more time understanding what the EU is, before moving on to looking at how the EU’s external action affects the world. With the help of Onuf’s “User Manual to Constructivism” (Onuf in Kublaková et al. eds, 1998) we can deduce some basic observations on this issue.

VI./1.2.2 Perception of the international system as sets of rules

The EU is interpreted as a set of specific rules of international interactions – subordinate to the global rule set of anarchy, which constructivism acknowledges. These rules are exclusive to participant countries and their electorates (let us call these the subjects). However, as all rules, these may be subject to change, since rule generation is a “two-way process”. The subjects of these rules constitute a web of diverse relations that propel the dynamic interpretation and practice of these rules within the EU.

Onuf writes: “Constructivists should seriously consider dropping the word structure from their vocabularies. Social arrangement is a better choice. Appearances aside, international anarchy is a social arrangement—an institution—on a grand scale. Within its scope, many other institutions are recognizably connected. In every society, rules create conditions of rule. The society that states constitute through their relations is no

32 With this point of view, one might interpret the failure of the adaptation of the European Constitution – because of the failed referendums - as the result of such a two-way process
exception.” (1998, pp.5-6) The EU can thus be interpreted as a “society” constituted by states, although this does not exclude the acceptance of a parallel social arrangement: like the respect for sovereignty (stemming from the acceptance of anarchy). The U.N. framework for governing international relations can be considered yet another social construct. A layer, that accepts – and builds – to that of anarchy. International legal agreements are yet another step etc…

Layers of rules governing international relations

Asserting that the EU is a subset of rules within the international order is not an especially unorthodox claim. Compared to the previous schools, constructivism does not say anything bold in this sense. The main difference here is that constructivism interprets sovereignty in the same sense as other sets of rules (or social constructions) that states – as agents – have taken upon themselves to follow. Whereas realism sees sovereignty as an absolute guiding law, onto which everything else is built, liberalism talks about the spread of democratic statehood in a similarly organic manner. Constructivism merely notes that states – no matter what their internal composition is – accept rules by which they conduct their business. None of these are eternal or independent from their acceptance by states. That is to say, they are not organic creations they cannot be interpreted separately from states attitudes toward them.
VI/1.3 Role of agency in formulating EU policy

Anyone who has spent time in one of the European Institutions, or has served at one of the permanent representations of an EU member state, will most likely attest to the importance of political bargaining, and compromise building within the framework of European decision making. The adaptation of the Lisbon Treaty (ToL) and the European Parliament’s increased role in legislation alongside its MEPs zeal for legitimating their own function as a democratic control mechanism of the EU, has seen the introduction of a variety of new social agents into European legislation (Heidbreder 2012 gives a good overview of Civil Society participation in EU legislation). Deals are struck on various levels, between MS and MS (in and outside of the council) between MS and the Commission, between the Commission and advocacy groups, between advocacy groups and MEP’s etc… In essence, these are all agents, advocating the various interests they represent, taking-roles, and casting them as they do so, all within the confines of the EU (see: Thomson et al. 2004, Veen 2010).

The especially interesting issue here is that of why these agents act the way they act. Onuf writes: “When we, as human beings, act as agents, we have goals in mind, even if we are not fully aware of them when we act. If someone asks us to think about the matter, we can usually formulate these goals more or less in the order of their importance to whomever we are acting as agents for, starting with ourselves. Most of the time, agents have limited, inaccurate, or inconsistent information about the material and social conditions that affect the likelihood of reaching given goals. Nevertheless, agents do the best they can to achieve their goals with the means that nature and society

33 The author of this paper has spent 9 months in the European Parliament in 2013-2014, interning for a Hungarian MEP.
34 This is best felt through the speeches of senior EU parliamentarians, such as Martin Schultz – the President (see European Parliament 2014). Also it has been suggested, that the ToL has lead to increased tensions between MEP’s, the EC and the Council (see: Cini 2013; Naurin & Rasmussen 2011; Christiansen & Dobbels 2013).
35 Onuf defines the condition of agency: „Ordinarily, we think of agents as people who act on behalf of other people. Considering the matter more abstractly, we see that rules make it possible for us to act on behalf of social constructions, which may be ourselves, other human beings, or even collections of people, along with the rules, the practices, and the actual things that we make and use. Conversely, agents need not be individual human beings to be able to act on behalf of others (here I refer to agents in the third person to emphasize that the terms people and agents are not completely interchangeable). Agency is a social condition. Thus the government of a country is a collection of people and a social construction. According to the relevant rules, these people act, together and in various combinations, on behalf of that country as a much larger collection of people.” This of course, should not be interpreted, as a definition giving exclusivity to state agents. This is substantiated by subsequent elaborations of the topic. See: Guizzardi 2006, Hurd 2008).
(together-always together) make available to them. Acting to achieve goals is rational conduct, and agents faced with choices will act rationally. Viewed from outside, these choices may appear to be less than rational, but this is due to the complexities of agency and human fallibility.” (1998 p. 3). This is the fundamental point of origin for the investigation of trade and aid. By interpreting the EU as an agent, we will be able to discuss questions such as why the EU peruses the goals that it does. And with the added understanding, that: “Rules make agents out of individual human beings by giving them opportunities to act upon the world.” (Onuf 1998 p. 6) We will look at the role of individual decision makers, in their capacities as agents of these policy areas.

**VI/1.4 Why political agents do what they do**

Studies of the complexities of political agent’s behavior are ample. The length of this paper would not be sufficient to detail the various different branches of sociological research investigating why political decision makers and bureaucrats behave the way they do. Nevertheless, these are the theories that constructivism relies on to ‘give it content’. Without them, we are left with little more than a set of critical ideas that fail to offer alternative explanations to how the world works. Without these, simply saying that international relations are “socially constructed” does not provide much of a reference. The majority of the sociological theories that deal with decision making attitude formation are not declaredly constructivist and they represent several different opinions, and often come to contradictory conclusions. Even so, a brief overview of how the most mainstream research may relate to constructivism seems to be in order.

In 1969, Graham Allison published an article entitled “Conceptual Models and the Cuban Missile Crisis” (Allison 1969) in which he examined the role and extent of bureaucratic influence in the decision-making process of U.S. foreign policy (and to lesser degree, the U.S.S.R.) relating to the 1962 standoff. Allison proposed three non-exclusive models for investigating the topic: *Rational Policy Model* (or Rational Actor Model), *Organizational Process Paradigm (OPP)* and the *Bureaucratic Politics Model (BURP)*. Out of these, the latter two, both relate to the question of bureaucratic influence, while the first one is a classical realist “black box” interpretation of

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36 The abbreviation of “BURP” was not originally used by Allison – who called it “Model III”. It was borrowed from Marton 2013.
international relations. As Welch points out (Welch 1992), by 1991 - the twentieth anniversary of the article’s publication – Allison two bureaucratic related models had become widely studied and applied in not only foreign policy making, but in relation to the decision-making process in general: “Since 1971, it [Allison’s work] has been cited in over 1,100 articles in journals listed in the Social Sciences Citation Index […] touching political science [and other areas] as diverse as The American Journal of Agricultural Economics and The Journal of Nursing Administration” (Welch 1992 p.112).

The Organizational Process Paradigm (OPP) proposes two different scenarios regarding the relationship between political overseers – cabinet members – and the bureaucratic institutions they govern. OPP1 describes a situation, were the political master’s agenda is subordinated to the bureaucratic apparatus’s approval (i.e.: if chief bureaucrats don’t agree, they will sabotage it)\(^{37}\). OPP2 describes an opposite scenario, were the political decision maker is capable of implementing a political agenda, despite resistance (accomplished by ‘pushing the right buttons’ at the right time). The Bureaucratic Politics Model (BURP) looks at how political decision makers are influenced by institutional loyalties & considerations (or their seats of power) during the formulation of their policy standpoints. (Allison and Halperin 1972; Hollis and Smith 1986;) Allison originally investigated how the members of the Executive Committee of the National Security Council (EXCOMM) had promoted resolutions that would have favored the involvement of the institutions they represented.

One of the more interesting – and most relevant to the goals of this paper – branches of studies based on Allison’s initial observations, is the study of turf wars in the United States & the EU. As research relating to US foreign policy decisions all too often point out there are a large number of agents – with diverse goals and interests – involved in policymaking (see: Hurwitz & Peffley 1987; Hudson & Vore 1995; King 1997; Leffler 2013; Nasr 2013). These colliding interests often cause internal conflicts, that lead to seemingly irrational outcomes: the United States failing to ratify the treaty of the League of Nations in 1919, the Iran Contra affair in 1985, the Clinton Administration’s

\(^{37}\) For example: “…sometimes the words of a law will be changed in violation of its purpose as when the Forest Service decided that the “mark and designate” technique required by law to avoid clear cutting of forests really meant “mark or designate” which allowed widespread clear cutting.” (Parenti, 1977, pp.276-277).
Haiti intervention in 1994, (which saw the Secretary of State being de facto left out of the decision-making process) etc…

With regards to the EU some research suggests that the EC is promoting a very real policy agenda of its own. Ellinas & Ezran (2011) present compelling evidence – based on hundreds of interviews with lead EC bureaucrats – that the Commission is perusing its own agenda of furthering integration no matter what direction the political leaders of Europe would steer the Community (see: Egeberg 1996; Hooghe 1999;). Also, Schulz and König (2000) for example, find that decisions are reached substantially faster in “core policy areas” than in peripheral ones (p.664). This could imply that lesser policy see more arduous battles between and within the institutions. This has importance in areas such as international trade, where – as we have seen – the MS have no way of circumventing the role of the EC.

Whether we look at the BURP model, the OPP model, or the issue of a separate political agenda being pushed by the EC, we inevitably find ourselves dealing with human perceptions and preferences. For constructivism, it does not matter, why a decision maker is ultimately swayed in favor of one argument or another. It can be due to: a weakness in character, being easily manipulated and influenced by staff (OPP 1); the strength of character and organizational capability and a clear political vision/agenda (OPP 2); considerations of institutional loyalty and institutional preservation (BURP); belief in one’s own capability to make better decisions, or decisions that serve the interests of the agent to a greater degree (own policy agenda of the EC) etc… In fact constructivism holds, that any number of things can influence elites in their decision making process.

Onuf writes: “Rules give agents choices. As we have already seen, the most basic choice is to follow the rule—to do what the rule says the agent should do- or not. Only human beings can actually make choices, because we alone (and not all of us) have the mental equipment to consider the probable consequences of making the choices that are available to us. Nevertheless, we always make such choices on behalf of, and in the name of, social constructions, whether ourselves, other people or collections of other people, or practices and artifacts. Agents act in society to achieve goals. These goals reflect people's needs and wishes in light of their material circumstances. Every society has rules telling agents which goals are the appropriate ones for them to pursue. Of
course, there are situations in which people are perfectly aimless. For example, when we freeze up in fear or fall asleep from exhaustion, we are no longer agents or, for that matter, social beings.” (1998, p.3).

VI./2 International trade

VI./2.1 Constructivist neutrality

As discussed at the very beginning of this paper, within the structure of international trade policy of the EU, the EC is the most important player. Not only is it the only agent that can legitimately represent the EU in international negotiations, it is also the gatekeeper of strategic planning for the future of the EU’s trade strategy. Unlike in other policy areas, where the Commission has to rely on the willingness and efficiency of 28 different national bureaucracies, the EC has a permanent representation at the WTO and the OECD as well, two of the most important organizations when it comes to representing European interests. This also goes to show the elevated prestige of this policy area – and thus the elevated agency status of the EC.

This realization of the importance of trade has lead most researchers interested at studying the EU’s external relations from a constructivist point, to take to investigating its international trade policy. Peterson (2007) for example sees the strength of EU trade policy as a means for the EU as an actor, to develop “strategic action” – which he defines as: “coordinated activities across different policy sectors in the pursuit of defined foreign policy goals” (p.2) although after looking over the institutional framework of trade policy – as presented here in the introduction – he concludes that: “The suggestion that the Union uses trade policy to ‘pursue milieu goals as a civilian power with a structural foreign policy’ seems based on a series of very heroic assumptions about the EU’s capacity for long-term thinking and collective action” (p. 25). Even so, he does omit one exception to that observation, referring to the Balkans, where “Using trade policy, the Union has (inter alia) abolished tariff ceilings for nearly all Balkan products in its Stability and Association agreements with states in the region. It also has offered powerful incentives to encourage regional economic cooperation in the Balkans, as well as strong support for the WTO memberships of Albania, Croatia, Macedonia, and others in the regions.” (p. 18).
Although Peterson fails to identify coherent strategic action in the EU’s trade policy, Siles-Brügge (2013) points out how the seemingly irrational agenda of the EC, of countering EU protectionism has been pursued through the economic recession, via the Trade, Growth and World Affairs Strategy of the Commission – in spite of serious pressures from the increasingly politicized European Parliament, and certain MS.: “The European Union’s (EU’s) 2006 Global Europe communication established an offensive Free Trade Agreement (FTA) agenda premised on serving the interests of the EU’s upmarket exporters at the expense of the EU’s remaining ‘pockets of protection’. This has remained in place with the advent of the 2010 Trade, Growth and World Affairs strategy. Such a development defies both rationalist International Political Economy (IPE) explanations – which emphasise the protectionist bias of societal mobilisation – and accounts stressing the institutional insulation of policy-makers from societal pressures because the recent economic crisis and the increased politicisation of EU trade policy by the European Parliament have coexisted without leading to greater protectionism. Adopting a constructivist approach, we show that this turn of events can be explained by the neoliberal ideas internalised by policy-makers in the European Commission’s Directorate-General (DG) for Trade. We then deploy a novel heuristic to illustrate how DG Trade acted upon these ideas to strategically construct a powerful discursive imperative for liberalisation.” (p. 1.)

The observations of Siles-Brügge seem to suggest a level of coherence in the trade policy pursued by the EC, although from a realist/conservative IR/economic standpoint, this policy might very well be interpreted as non-rational. However that does not mean, that it is not a manifestation of what Peterson calls strategic action. The conservative way of thinking about rationality in this case would imply preference of short term benefits – like reversing negative GDP growth – since long-term considerations, might not even occur, in the event that immediate threats are not neutralized. This sort of short term benefit seeking attitude is identified by Coughlin et al. (1988) Maier (2008) – among others – as myopic policymaking behavior, of which protectionism is an integral part. The correlation between protectionism and conservative political attitudes – which tend to translate into realism when we are talking about international relations – has been made in several instances. For example in an editorial of the New York Times, which in relation to the 2008 U.S. presidential race wrote: “Mr. McCain may be a
conservative. But his unbridled free-trade policies don’t help make that case.” (Lighthizer 2008).

The fact is, that the lack of a qualitative definition of what we consider strategic action makes it impossible to clearly identify the one action as strategic or not. If not interpreted from a conservative economic point of view – emphasizing long term benefits – the lack of protectionism in a time of crisis may be considered strategic, just as much as protectionism may be considered strategic by conservatives. However, from a constructivist point of view, questions relating to which policy decision is better & more justifiable only come second to questions relating to why policymakers opt for one approach or another. To reiterate the point made by Onuf: “Viewed from outside, these choices [policy decisions] may appear to be less than rational, but this is due to the complexities of agency and human fallibility.” (1998, p.3). In this sense, constructivism has no preferences various outcomes can be explained with constructivism, since it is only a process description.

Here we should not neglect to mention the main criticism leveled against Constructivism. While in the cases of realism and liberalism, I have deliberately avoided including the main criticisms and counterarguments, here the quintessentially different nature of constructivism – namely its seeming neutrality to content – makes it seem prudent to indicate the general counterargument leveled against this school. Brown & Ainley write: “[…] but how are these approaches developed? A variety of different possibilities emerge. First, unfortunately, there may be no development at all, and in the 1990s a number of essentially empirical IR scholars proclaimed themselves to be ‘constructivist’ in so far as they accepted the above points [basic constructivist principals discussed here as well], but did not change their working methods in any significant way, at least not in any way that outsiders could discern. This is constructivism as a label. More to the point, and second, it might be noted that because a structure is the product of human agency it by no means follows that is will be easy for human agents to change its nature once it has been established – agent-structure questions tease out the relationships between these two notions (Wendt 1987).” (Brown & Ainley 2009, p. 49). In this sense, it would seem that the neutrality to content, could imply that constructivism is more of an epistemological variant of thinking about international relations, or other schools of IR theory.
Only after understanding these arguments, can move on to discuss the second part of Silas-Brügge’s claim, namely, that policymakers within DG Trade have internalized a neoliberal way of thinking, and that is why they are pushing for increased trade liberalization.

VI/2.2 Breaking with neutrality, internalizing “hyper globalization”

Silas-Brügge (2013) among others (see: Subramanian & Kessler 2013; Hay & Rosamond 2002) identify hyper globalization theory as the guiding principal of the EC in international economic and market issues. In essence, this theory derives its self from classical globalization theories that claim that national economies are much less significant than they used to be; companies do not stop at country boundaries: multinationals have developed in all three sectors of the economy (agricultural, industrial and services) (see: Held et al. 1999; Holton 2005; Ohmae 1995; Reich 1991). Hyper globalists add, that this process will eventually lead to market harmonization, and the emergence of a more unified “world market” including price and interest rate convergence (see: McGrew 1998; Smart 2012). The observations of the research mentioned above (Ellinas & Ezran 2011; Egeberg 1996; Hooghe 1999) relating to the existence of a separate bureaucratic – technocratic identity of the EC (pushing for more power and more communization of sovereign rights) seems to fit into the hyper globalist perception of the world – where the Commission regards its own role as a necessity in this kind of world order.

While accepting this hyper globalist quality of the Commission, some authors (Hay & Rosamond 2000; Silas-Brügge 2013) imply that this is the result, of a self-generating process, where the Commission sees its own role as an agent in need of promoting

38 There are several studies relating to the question of whether such an identity exists or not, on how it developed, on what its main goals are etc... Gulbrandsen (2011) for example looks at how following common procedures in issues with EU relevance has lead to the creation of a “new, international, multi-level administrative order”, or common bureaucratic practices, that unite national bureaucracies (also see: Héritier, 2002;). Also there are several studies relating to the question of comitology procedures (through delegated acts and implementing acts) within the EC, as a possible catalyst to the emergence of this identity, and a possible way for the EC to peruse its own agenda. Answers to whether comitology procedures actually function as a system of checks and balances, or whether they serve as a sort of executive body of bureaucracy dominated political decision-making are diverse. Some argue the prior, (Keohane et al 1991; Kirchner 1992; Franchino 1999) while others argue the latter (Bradley, 1992; Garrett & Tsebelis, 1996; Ballman et al. 2002;).
hyper globalism, because of the existence of the hyper globalist paradigm, and its seeming applicability to the EC, and the European Common market. Hay & Rosamond write: “policy-makers acting on the basis of assumptions consistent with the hyperglobalization thesis may well serve, in so doing, to bring about outcomes consistent with that thesis, irrespective of its veracity and, indeed, irrespective of its perceived veracity […]” (p. 148). This is the point, that constructivism can add to the discussion of trade.

VI./2.2.1 Interpreting the role & effects of TTIP

If we accept that DG Trade has internalized the hyper globalization argument, and we accept that the EC manifests the a-typical attitude that many scholars associate with power and bureaucracy, than we have an easy time in identifying the importance of the currently ongoing TTIP negotiations.

The a-typical assumption associated with bureaucracies relationship with power, is that bureaucracies tend to guard their powers; a bureaucracy will: usually aim at increasing its competences and funding; and is at the very least be hesitant, but usually outright hostile towards attempts aimed at cutting back its authority. (see: Ballman et al. 2002; Christiansen & Dobbels 2013; Cini 2013; Garrett & Tsebelis, 1996; Naurin & Rasmussen 2011). The structure of the EU’s international trade policy ‘plays into the hand’ of the EC in this respect, since as we have seen, it is impossible for any international trade agreement to go through without the participation of the EC. In the case of TTIP, this centralization on behalf of Europe has resulted in a certain amount of tensions between the United States & the EU, when determining which road to take, regarding the FTA between the two. As Mr. Gephardt indicated, the United States was initially keen on duplicating the arrangements it made in Asia, with the TPP agreement. However, this would have meant cutting out the EC from negotiations – something that is both legally impossible when it comes to international trade.

As we have seen, the United State’s willingness to accept the terms offered by the EU came at a cost: “the EC would have to do all the legwork”. Looking at what we already know about TTIP and the role of the Commission in international trade, it seems fair to
assume, that the EC will take the role that the United States has cast it in. Namely, it will do everything to conclude an inclusive TTIP. Because:

- The potential of the deal is enormous, it can bring increased prosperity to both parties, it can lend much needed credibility to the European Project;
- Concluding any sort of TTIP agreement (inclusive or not) would grant the EC a substantial amount of surplus duties – and thus surplus manpower and funding

### VI./3 Foreign Aid

Humanitarian considerations\(^{39}\) immediately come to mind when we discuss the question of foreign aid. As we have seen through the liberalism chapter, most the rhetoric of international aid donors is humanitarian in nature, emphasizing the need to decrease poverty and starvation, to help the least developed countries (LDCs) in their struggle to close the gap between them and the first world. Of course, as we have seen in both previous chapters, this does not mean that every aid donor gives to every country in need, and that every aid donor follows the same practical principals when they do provide aid. On the one hand, constructivism can help us understand why most aid donors, inside and outside the DAC group give aid to specific countries.

#### VI./3.1 The internalized humanitarian minimum and varying aid strategies

Forsudd writes: “The theory helps us understand how a certain kind of behavior has been internalized. The long commitment to development work and the increasing amount of international consensus have perhaps created certain behaviors and a way of thinking that might explain the outspoken humanistic motives. Social constructivism also helps explain why there would be differences between the states.” (2009 p. 39). In this sense, the humanitarian considerations – that correlate most with liberal IR theory – are seen by constructivism as having been internalized by aid donors as a sort of minimum standard, the same way that first generation human rights have been

\(^{39}\) Not to be confused with humanitarian aid.
internalized in all democratic states, as a sort of minimum standard. These play an important part in agent’s roles-taking and casting choices: it seems unimaginable, that a member of the DAC would, for example take upon its self a role of using foreign aid to exclusively support its own economic interests in a recipient country. The question of whether in reality, it does use a substantial amount of aid to do just that, is an issue that we have dealt with in the realist chapter – nevertheless, on a declared level, this is unimaginable. Such a country would immediately be cast into the neo-Marxist role of an ‘evil’, first world neo-colonist power. Indeed, there are many soft law documents that seem to support this claim. We could mention the Seoul Development Consensus as possibly the most wide spanning – since it includes all G20 countries, not just DAC donors – but we could also mention a number of other regional documents, like the already discussed, European Consensus on Development.

Relating to the second half of the quote from Forsudd, constructivism also gives useful insight as to why there might be differences in the various aid policies of aid donors. Let us keep in mind, that although it is true, that there are certain common norms and guidelines that states follow concerning aid, these still leave room for very real differences in donors individual aid policies: for example in the selection of the countries that they wish to support. The United Kingdom and Belgium, for example, both DAC aid donors have very different preferences in which countries they support.

Table 4: Top recipients of Belgian ODA in 2012 (OECD 2013c)

<table>
<thead>
<tr>
<th>Top ten recipients of gross ODA (USD million)</th>
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<tbody>
<tr>
<td>1. Congo, Dem. Rep.</td>
<td>413</td>
</tr>
<tr>
<td>2. Rwanda</td>
<td>76</td>
</tr>
<tr>
<td>3. Burundi</td>
<td>56</td>
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<td>4. Congo, Rep.</td>
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<td>7. Mozambique</td>
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<td>8. Benin</td>
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<td>9. Uganda</td>
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<td>10. Viet Nam</td>
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This can be explained by historic ties that bind donors and recipients. Possibly a sense of responsibility for ex-colonies and pressure from the strong presence of immigrants from these countries selected recipient countries, like is the case with immigrants from the Congo Basin in Belgium or Indians in the UK. (for an overview and critical examination of the UK’s ODA policies see: Slater & Bell 2002, for an account of the French ODA structure see: Raffinot 1998)

Also there are differences in the strategies that aid donors follow. Do they give relatively large amounts to a selected few? Or do they give relatively little, to a larger contingent of recipients? Do they see aid as a cumbersome responsibility that they have to do for one reason or another, or do they see their aid policies as an important part of their foreign policies?

Turning to the first question, we can highlight the aid policy of Sweden for being unique from the mainstream, for perusing a very de-concentrated aid policy. The 2013 OECD peer review of Sweden notes: “Sweden increased the number of partner countries to which it provides CPA [Country Programmable Aid] from 68 in 2008 to 82 in 2011, 32 of these were priority partner countries. This reflects a gap between its stated policy of concentration and its actual implementation. Sweden is one of the least-
concentrated DAC members in terms of the distribution of its CPA: it was a significant donor in only 33 of 81 partner countries. In addition to countries it identifies as its priority partners (in which it is a significant donor in all but two), in terms of CPA Sweden was a significant donor in Botswana, Korean Democratic Republic, Myanmar and Macedonia. Sweden’s relatively low level of aid concentration is explained by its provision of scholarships, small grants and partnerships in a large number of countries where it does not have a large bilateral programme.” (OECD 2013, pp. 56-57).

Regarding the second point, of how countries perceive aid, it would be difficult – if not impossible – to provide anything but anecdotal evidence that new CEE OECD members only provide ODA out of their obligation to do so by the EU. However, regarding the countries that do have elaborate ODA programs – like the Scandinavian countries, it is easier to elaborate on possible reasons for their generosity: “[…] the theory [social constructivism] helps explain how smaller states lacking the capabilities of larger states would seek to become leading in other fields of foreign policy. In this case, these states are creating a niche for themselves in the development policy area […] The Norwegian researcher Terje Tvedt, offers some insight into this in his paper International Development Aid and Its Impact on a Donor Country: A Case Study of Norway (2007). He highlights how Norway’s work within the development and conflict resolution sector has been a “door-opener” in Washington and Brussels and that: “what is described as Norwegian altruism is justified at the same time both as Norwegian foreign policy realism and as the alternative to that very realism” (p. 619)” (Forsudd 2009, p.38-39)

VI/3.2 The role of the EU

How does the European Union fit into this picture? As we have discussed earlier in this chapter, according to constructivism, the European Union is no different from sovereign states in areas where it has its own agency capabilities. DG DECVO (Development and Cooperation) is an agent in its own right when it acts as an aid donor, disposing over 20% of all ODA leaving the EU and its MS. By looking at the European Consensus for Development – a document promulgated by the EC – than we see, that the Commission has internalized the standards that the international community has come to expect of all aid donors. Indeed, many authors point out how the EU has actually tried to capitalize
on the fact that it has such broad authority over around 17 billion Euros a year, in order to strengthen its own “actorness”, or agency (see: Carey 2007; Carbone 2013). This suggests a similar sort of role-taking pattern as we have seen in the case of DG Trade: the perception by those officials responsible for aid that they need to use their capabilities to strengthen the EU’s agency capability is a result of their own actions made to the same end.

VI./4 Conclusions

In this chapter, we discussed the main premise of the constructivist way of thinking of international relations, which at the end, seems to be exactly that: a way of thinking, rather than an independent theory, as we have seen through the criticism of Ainley & Brown on p. 58. In any case, the point of origin of constructivism is a general criticism of both the realist and liberal schools of thought, for their system-based interpretations of world politics. Constructivism's main point of debate with these schools is eloquently summed up in the title of Alexander Wendt’s 1992 article – which, along with the 1998 work of Onuf, serves as one of the two foundations of constructivism – and its title: “Anarchy is what states make of it.”

This title points to the constructivist notion, that in reality, international relations hinge on the decisions made by individuals acting on behalf of the agents participating in international politics, rather than on a set of system wide rules and practices. We have not analyzed the processes of agent’s identity formations, (although, some studies relating to the functioning of bureaucracies have been mentioned) because that would imply looking at the sociological and psychological aspects of decision making by individuals.

Agents operate within the boundaries of rules that they themselves have set for themselves. The European Union is such a regional subset of rules, operating within the more global rule set of anarchy. Having said that, it should be noted, that the constructivist argument fails to give a satisfactory explanation of why members of the international community establish rules (see Onuf 1998 p.2) Nonetheless, accepting their existence, constructivism asserts, that these rules are flexible to a certain degree,
certain boundaries are mostly respected by those that have accepted them. If we think of a practical example to demonstrate the boundaries of flexibility, then the practice of the EC launching infringement procedures against MS, for violating EU *aquis* comes to mind, however, at present it would be inconceivable, for a member state to impose tariffs in the direction of other MS for example. Our two cross-cutting policy areas represent two “outlets of agency” (or external action) by which the 28 MS of the EU represent their common interests, channeled through their subset of rules.

In order to say something substantial about these two cross cutting policies, we have had to identify the main notions that the EC seems to have internalized as constant pillars, or guidelines of its policymaking in these areas. Regarding trade, we have identified the notion of hyper globalization, while in the case of foreign aid we have identified humanitarian considerations as these pillars. The question of why the EC has internalized these notions is best answered with the help of role-taking and role casting. According to constructivism, roles are taken according to what one wants to achieve, and roles are cast base on how one perceives one’s negotiating partners. This is a rather straightforward prospect, however, as we have seen, this process is understood by certain scholars as a self-generating one, where agents take and cast roles according to the roles that they think that they are accepted to take.

I have proposed, that one of the main reasons, for the EC internalizing hyper globalization and humanitarian considerations, relates to the issue of self justification. As we have discussed at the beginning of this paper, the EC has broad powers in the case of these two policy areas – especially in that of international trade. In the face of such an enormous task, as is negotiating the TTIP – and in light of the U.S.’s standpoint, that in exchange for playing by the rulebook of the EU, it expects larger gains from the final deal than the EU – the Commission has to perform well. In a time when euroscepticism is on a rise (see: EurActive 2013; Leonard et al. 2013;), when at least one MS is seriously considering exiting the entire EU, and whilst the EU still struggling to provide a credible way out of the post-crisis stagnation, the EC needs to look useful and capable. The outcome is yet to be seen.

The role of international aid policy is seen more as a necessity, stemming from the internalization of humanitarian needs & a sense of moral responsibility throughout the western world. This phenomenon is called “The White Man’s Burden” by William
Easterly, in his insightful book (2006) of the same title. When searching for the motives of why the developed world gives aid, he writes: “Almost three billion people live on less than two dollars a day, adjusted for purchasing power. Eight hundred and forty million people in the world don’t have enough to eat. Ten million children die every year from easily preventable diseases. AIDS is killing three million people a year and is still spreading. […] This poverty in the Rest [non developed countries] justifiably moves many people in the West. […] The tragedy of the poor inspires dreams of change. President James Wolfensohn of the World Bank put on the wall of the lobby of the World Bank headquarters the words OR DREAM IS A WORLD FREE OF POVERTY […] the United Nations had an inspirational dream of its own at the start of the new millennium […] Political leaders from around the world specifically agreed then on the Millenium Development Goals […] Gordon Brown and Tony Blair put the cause of ending poverty in Africa at the top of the agenda of the G8 Summit […]” (pp. 8-9). Yet, as he notes, even after having spent $ 2.3 trillion on these noble ideas over a period of about 60 years, poverty and social inequalities are still as rampant as ever. “The evidence points to an unpopular conclusion: Big Plans will always fail to reach the beautiful goal” (p.11). Yet all the same, big plans are exactly what the EC is pursuing with its aims (see Consensus of Development 2005; European Commission 2014), and the call for ever more cash to be spent on ODA (see: European Commission 2013).
Chapter V - Discussion: Reconciling the three schools & discussing the future foreign policy of a federal Europe

V./1 Introduction

In order to exploit the mental exercise to its fullest, the examination of “what is” as explored until now, needs to be joined by the exploration of “what could be” as well. In Tocqueville’s words: “[…] it must not be forgotten that the author who wishes to be understood, is obliged to push all his ideas to their utmost theoretical consequences, and often to verge on what is false or impracticable” (Tocqueville [1838] 2002 p.25.) In our case, the utmost theoretical consequence, of thinking about the main dilemmas of the EU’s external action today, is proposing a set of guidelines by which it should conduct its foreign policy tomorrow. These guidelines for should benefit from the observations of all theories discussed here, and endeavor to fill the individual and collective gaps left by them, in their explanation of how the EU’s external action works.

First I will describe the federal model that I wish to use, than I will review the limitations of each theory’s observations in the cross-cutting policy areas, deducing a simple “truth” from each one (which would be hard to argue with, from any perspective) and then from those truths, I will go on to construct the minimum standards upon which I will base my guidelines.

V./1.1 Federal Model

The guidelines to be proposed will be tailored for a simple, federal model of the EU that deals exclusively with the issue of foreign policy. This is a step away from our cross-cutting policy areas of trade and aid since foreign policy is more complex than external action. The fact however, that trade and aid are the most developed external action policies of the EU also means that these are the areas, where the EC is most involved in policy formulation. In the federal model, the EC’s involvement will be exclusive in not only these areas, but in the entirety of foreign affairs. The fact, that the proposed
guidelines will be formulated based upon observations made in areas where the EC is already heavily involved, lends extra credibility to them.

Let us then consider the following: The European Union has progressed beyond its current semi-federate / semi-intergovernmental state into a unique type of federation. Whilst participating states will have a powerful, common legislative body, capable of proposing common legislation in and of its self (a bicameral European Parliament, with the Council serving as the second house, mimicking the composition of the U.S. Congress), member states will retain the right of policy formulation on a host of domestic issues, such as: taxation, penal and civil codes, education policies etc… This gives them a similar federal quality to that of the United States. Yet there will be at least three lingua francas as there are today (German, French and English) and the national identities and languages of the individual member states will be conserved. Monetary & fiscal, defense and foreign policy issues will be unionized. Also, Federal Europe’s foreign policy will be centralized in the hands of one foreign minister, who will be responsible only to the European executive, elected by the bicameral legislature. This foreign minister would have control over a global network of European embassies, which would be present in all countries.

Graph 3: Simplified model of Federal Europe
The model described above, can certainly be said to be flawed in many ways. For instance, there are no antecedents, explaining the various stages of integration leading up to the model – not even mentioning a possible timeframe for its formulation – the details of legislative-executive-judicial checks and balances are not explored, the exercise is centered on foreign policy formation etc… Nevertheless, can anyone say with certainty, that a similar political construct is implausible? Can anyone argue, with utmost certainty that the European project is doomed to fail? As a matter of fact, the current level of European integration is in its self can be said to be a unique, unforeseen outcome. In any case, for our purposes, the above model serves as a skeleton to which we can apply, and reconcile the theoretical observations of the previous chapters and the subsequently proposed guidelines.

V./2 Limitations of each theory

Although all the theoretical models we have discussed so far, were capable of contributing to the interpretation of the two cross-cutting policy areas we were examining, social science theories are rarely – if ever applicable one-on-one to real life situations. They do not provide holistic descriptions of an existing system, or situation. This is a widely acknowledged truth. The University of Southern California, for example cautions its students that wish to write a social science related research paper with the following warning: “Don’t just take what the theory says as a given! Reality is never accurately represented in such a simplistic way; if you imply that it can be, you fundamentally distort a reader's ability to understand the findings that emerge. Given this, always note the limitations of the theoretical framework you've chosen [i.e., what parts of the research problem require further investigation because the theory does not explain a certain phenomena].” (University of Southern California).

Even clear advocates of a certain strain of thought in IR theory, cross boundaries between theories, when it comes down to giving practical advice, to political decision makers. Joseph S. Nye, for example – a pillar of neoliberal theory – talks about the importance of “contextual intelligence” in an article written in the midst of the 2008 U.S. presidential campaign, aiming at giving practical advice to the next president (Nye 2008). Nye advocates a “liberal realist” policy, emerging from the synthesis of the two visions of IR, in order to meet new challenges: “The old distinction between realists and
liberals needs to give way to a new synthesis that you might choose to call “liberal realism.” What should a liberal realist foreign policy comprise? First, it would start with an understanding of the strength and limits of American power. We are the only superpower, but preponderance is not empire or hegemony [etc...]” (Nye 2008). In truth, however, this is not so shocking. The article of Walt (1998) – cited so many times in this thesis – which gives a brief and concise overview of the mainstream theories described here, points out that each theory has its shortcomings, and theoretical blind spots. These will serve as points of origin in discussing the limitations of the arguments presented in earlier in this paper.
Comparison of three main IR theories (Walt 1998 p. 38)

<table>
<thead>
<tr>
<th>COMPETING PARADIGMS</th>
<th>REALISM</th>
<th>LIBERALISM</th>
<th>CONSTRUCTIVISM</th>
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<tbody>
<tr>
<td>Main Theoretical Proposition</td>
<td>Self-interested states compete constantly for power or security</td>
<td>Concern for power overidden by economic/political considerations (desire for prosperity, commitment to liberal values)</td>
<td>State behavior shaped by elite beliefs, collective norms, and social identities</td>
</tr>
<tr>
<td>Main Units of Analysis</td>
<td>States</td>
<td>States</td>
<td>Individuals (especially elites)</td>
</tr>
<tr>
<td>Main Instruments</td>
<td>Economic and especially military power</td>
<td>Varies (international institutions, economic exchange, promotion of democracy)</td>
<td>Ideas and discourse</td>
</tr>
<tr>
<td>Modern Theorists</td>
<td>Hans Morgenthau, Kenneth Waltz</td>
<td>Michael Doyle, Robert Keohane</td>
<td>Alexander Wendt, John Ruggie</td>
</tr>
<tr>
<td>Representative Modern Works</td>
<td>Waltz, Theory of International Politics</td>
<td>Keohane, After Hegemony</td>
<td>Wendt, &quot;Anarchy Is What States Make of It&quot; (International Organization, 1992); Koslowksi &amp; Kratochwil, &quot;Understanding Changes in International Politics&quot; (International Organization, 1994)</td>
</tr>
<tr>
<td>Post–Cold War Prediction</td>
<td>Resurgence of overt great power competition</td>
<td>Increased cooperation as liberal values, free markets, and international institutions spread</td>
<td>Agnostic because it cannot predict the content of ideas</td>
</tr>
<tr>
<td>Main Limitation</td>
<td>Does not account for international change</td>
<td>Tends to ignore the role of power</td>
<td>Better at describing the past than anticipating the future</td>
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V.2.1 Limitations of realism – “not accounting for international change”

Through the examination of our two cross-cutting policy areas, we had used the core notion of the balance of power. The notion helped us interpret the role of the EC in international trade, as a logical consequence of necessity: internal market = maximizing gains for member states = necessity of having one negotiating voice in trade… The acceptance of this logic can also be explained by the necessity of maximizing negotiating weight with the U.S., in a system of intra-continental balancing. In the case of aid, we saw that realism was apt at pointing out, that member states may still use their ODA to promote state-specific goals, and that even the EC uses ODA in a manner not entirely independent of its own interests (aid for trade). These observations however, fail – or rather will fail – to explain an inclusive TTIP agreement, with common trade legislation being implemented between the U.S. and the EU.

Morgan’s description of the relationship between realism and the EU, points to the main reason for this, namely that in the end, anarchy is still the basic foundation of realism: “Realist scholars of international relations have had surprisingly little to say about the EU. At one level, this neglect is not surprising. The realist paradigm assumes an anarchic international state system, a conception of political units as independent sovereign states, and the primacy of military power. The EU does not fit easily into this a paradigm, partly because it possesses an indeterminate ontological status, somewhere between a confederation of sovereign states, and aspirant semi-sovereign federation and a mere intergovernmental organization controlled by its member nation-states. So realists typically have difficulty in deciding whether their explanations and perceptions ought to apply to Europe as a whole or to its member states.” (Morgan 2005 p. 203)

In effect, the description of the role of the EC in international trade – and in international aid as well – has been based on the realist assumption, that the EU is no more than an elaborate IGO, whose function is to maximize the gains of the participating member states. The truth however, that there are some indicators, that the EU has “outgrown its masters” in the sense, that it does not conform with the traditional concept of IGO’s, which are only supposed to have as much independent power as its members allow it.

On the one hand, we have the peculiar decision making system within the EU, which in theory, would allow for the majority of EU MS – through a qualified majority – to pass an FTA agreement obligatory for all MS, even if a minority of the members where to be
explicitly against the FTA. Although IGO’s usually do have the power of majority decision making, the fact of the matter is, that this institutional construction of the EU is simply not explainable by realism, which – from an economic point of view – justifies the entire regime based on mutually expanding win-sets for sovereign states. Opening-up a supposedly sovereign actor’s market to potentially damaging free trade, without leaving it with protectionist methods of defense…this is a scenario, that a realist interpretation of international relations is not able to explain. This question gains a lot more depth, when we consider that with the ToL the qualified majority voting system has been expanded to a wide variety of policy areas, ranging from industry to public health. This leaves us to conclude, that realism is ill equipped to grasp the changing concept of sovereignty. (see: Guzzini 2004)

Take the following example, relating to international aid. Realism supposes that the EC is uses aid to promote trade interests, as an IGO, in the common interest of its members. However, if we consider, what we have discussed – that the EU may bring decisions to open international trade against the express wishes of a minority of its members – than we have to consider, that the EC may promote interests with its ODA spending that are separate from the interests of some of the MS. Yet, all MS accept this regime, in full knowledge of this possibility!

*The simple truth*

Reformulating the realist premise – without significantly changing its substance – we will see that the core principal is hard to argue with. Instead of saying that the cooperation in trade (internal market is based on nothing more than the expectation of larger absolute economic gains from trade, we might say that: *economic gains considerations have always served as one of the the most important factors in the process of European integration and it plays an important role in legitimating the role of the EC.*
V./2.2 Limitations of liberalism – “tends to ignore the role of power”

The two cross cutting policy areas, and indeed, the very notion of the EU, seem to fit very well into the liberal theory, as the embodiment and prototype of a new Kantian world order. And while such a world order would imply eventual world governance, liberal scholars are relatively well grounded in reality, when they formulate their theories about the working of the international scene - possibly due to a healthy amount of realism that has rubbed off on them throughout the decades. Advocating that free trade & international aid is a method of spreading democratization is a multidisciplinary argument, well grounded in economics and sociology as well. Add to this, that the notion of democratic peace has - as of yet - not been proven to be false, and liberalism seems to make some good points. However, the main criticism, that they ignore the role of (classical) power, is undoubtedly very relevant in light of these arguments.

Mexico, Egypt and Columbia, for example may all have FTA regimes with the EU, however their processes of democratization are seriously hindered by internal armed struggles. In the face of events in the Ukraine, liberal theory would have been unable to predict this scenario, of a Russian invasion and subsequent annexation of Crimea, since the question of power politics has fallen too much out of its scope. This is, partly due to the faith that liberal theory places in the importance of international law – The Budapest Memorandum of 1994, in this case – and the overall framework of sovereign statehood provided by the UN charter. Other examples of power considerations made by states trumping international law could include the 2003 Iraq war, or the 1999 NATO bombing of Serbia. Turning to the Economist’s Charlemagne editorial once again, the liberal IR based EU, has to open its eyes to the realities that around it: “The European Neighborhood Policy was meant to create “a ring of friends. Ten years on, Europe’s borderlands look more like a ring of fire.” (Charlemagne 2014)

The simple truth

Nonetheless, as we saw in the case of realism, there is a fundamental truth behind liberal notions of IR as well. Here, instead of asserting, that incentivized trade liberalization with third world countries, and support for their development through
international aid is a certain recipe for democratization, we can simply state, that *incentivizing international free trade agreements for developing countries, and providing well programmed international aid, can significantly boost democratic transitions given that internal and external stability are present* – as was the case for example in Central Eastern Europe after the collapse of the Soviet Union.

**V./2.3 Limitations of constructivism – “better at describing the past, than indicating the future”**

Analyzing a decision is always easier with hindsight. This holds true for political decisions as much as it does for everyday, ordinary ones. While realism and liberalism both give us a more or less coherent world view to help us identify possible outcomes of international politics, constructivism does not. Its main focus is on identifying what factors impact a decision maker in reaching his or her decision, *realist or liberal*, or anything else for that matter. This is why it is so difficult to write substantively about constructivism, since it is more a frame for analyses, than a proper theory. This is also why, the most salient points, that we have to take-away from constructivism in an attempt to reconcile the theories, do not relate to the “internalized” notions that we have discussed above, but rather to process by which they were identified.

By conducting in depth analyses, of a given decision maker’s life & career, socialization and state of mind etc… we could undoubtedly gain a pretty good idea of the type of role he/she imagines for the agent that he/she is representing (role-taking) and the type of role he/she casts on the other relevant agent (role-casting) in a certain area of international interaction. Take Adolf Hitler for example. His *lebensraum* theory – an official policy by the III. Reich was based on interpreting the role of Germany as an oppressed nation, denied its rights to colonial expansion and economic prosperity etc… The colonial powers of the age were consequently cast into the roles of oppressors. While I would not venture to try and elaborate on what exactly drove Hitler to formulating this theory, it is the kind of question constructivism would be apt at dealing with. While it seems impossible and even senseless to apply such deep analyses to individual decision makers and bureaucrats in the EU, the fact, that the EC is capable of thinking of its self in a variety of roles is something to be kept in mind, since false
perceptions, or miscast roles can often lead to errors in policymaking. A good example of the potential dangers of just such a mistaken concept of self is highlighted by The Economist’s Charlemagne editorial.

The article starts as follows: “Nothing could be better designed to reassure Eurocrats that Europe remains a force in the world than the arrival in Brussels of the leaders of American and China, the two biggest economies, within days of each other.” (Charlemagne 2014a) Following the article deals with the current progress on TTIP – urging for a comprehensive outcome – and China’s push to start negotiations on a similar free trade agreement. The Economist attributes China’s push, to its fear of being locked out of a “series of interlocking trade agreements” that the U.S. is negotiating around the world, and not to the sheer attractiveness represented by penetrating deeper into the EU market. Furthermore, Charlemagne stipulates that this is a distinction that has been lost on Europeans, when he writes: “[…] Europe’s nervousness about the emergence of China has abated of late. …perhaps they have become more pragmatic, realising that they need China to boost their anaemic growth” (p. 49). On the dangers of this misinterpretation (flawed role-taking & role casting) the columnist writes: “[…] although recent visits flatter some in Brussels into thinking that the EU can be a part of a G3 with America and China, Europe remains the weakest link. The EU’s exclusive competence in trade gives it real bargaining power. But the single trade policy, like the single currency, makes sense only as part of an effort to stimulate liberalisation and economic dynamism at home. Anything less will be swept away by the flow of globalisation” (p. 49). The main message of this excerpt can also be reduced to the importance, of the flow of information. If Eurocrats understood the motivations of their Chinese partners, such mistakes could have been avoided. Staying with the same example, we should also note, that the same applies to Chinese decision makers. Their perception of themselves might also be based more on wishful thinking than realities.

V.2.3.1 Predicting the future?

Although I have kept to Walt’s criticisms so far, it should be mentioned that in the case of constructivism scholars are not as unified in their criticisms of constructivism’s shortcomings as they usually are in the case of realism and liberalism. While examining
the post unification foreign policy of Germany, Ritteberg et al. (2001) propose developing a “testable and coherent” theory of constructivism that can be used to make predictions about the future – thus breaking with the criticism of Walt. They look at what they term “societal norms” (domestic German variables) and “international norms” (external variables) that were in effect during the unification of Germany, claiming that these clearly pointed out future courses of action in a variety of areas. Of course, this implies, that constructivism sees decision makers - “homo sociologus” (p. 106) – as being rational in following norms once they have been set. Societal norms include variables like “party programs of election platforms” (p.129) of governing parties, and the “constitutional and legal order of society” (p.128), while international norms include variables like “legal acts of international organizations” (p. 126) and “Judicial decisions and teachings of the most highly qualified international lawyers” (p.126).

Following a detailed examination of these norms, they conclude that constructivism was correct in predicting – or rather would have been correct in predicting, since their theory did not exist at the time of unification – that Germany would: “continue to have the Bundeswehr integrated in NATO; will continue to support the extension of QMV [Qualified Majority Voting] in the EU Council; will continue to support the strengthening of the EP's legislative powers; will no longer oppose but support the liberalization of agricultural trade; will continue to oppose the EC's third country provisions concerning public procurement in the utilities sector; will continue to support the strengthening of UN human rights institutions” (p. 318).

I believe that while worth mentioning, this interpretation of constructivism is flawed for several reasons. First and foremost the implication that societal norms can constrain, or steer élites in their actions not only seems to be contrary with the main tenements of constructivism – which focus on individuals not on societies. Second, it seems that these predictions are not so much predictions, but rather descriptions of certain outcomes. Take any of the predictions mentioned above: the correlation between German societies wish to remain an active part of the western world, and the decision of the NATO community to support the unification of Germany by integrating East Germany into western international organizations seems to make the German government’s decision to pursue the goal of NATO integration a logical consequence.
The simple truth

The notion to be carried on from constructivism could be summed up as follows: *an international actor’s perception of one’s self, hinges on the perceptions – fears, hopes etc… - of the individuals that make-up the decision making élite of that actor, consequently, the flow of information to top decision makers is essential in order to be able to take and cast adequate roles.*

V./3 Discussion on the future of federal Europe

Let us take the three reduced statements that we have extrapolated from the three schools, and see if they fit together into a coherent and practical set of guidelines:

- Economic gains considerations have always served as one of the most important factors in the process of European integration and it plays an important role in legitimating the role of the EC.
- Incentivizing international free trade agreements for developing countries, and providing well programmed international aid, can significantly boost democratic transitions given that internal and external stability are present.
- An international actor’s perception of one’s self, hinges on the perceptions – fears, hopes etc… - of the individuals that make-up the decision making élite of that actor, consequently, the flow of information to top decision makers is essential in order to be able to take and cast adequate roles.

Upon reading these three observations, we see a coherent image of an international community that is based on: the shared desire of: maximizing economic wellbeing, promoting stability – through hard power if necessary – in order to give democratic transitions a chance, all in a world where decision makers are conscious of the importance of their perceptions of self, and others, and thus, are aware of the importance of being well informed, in making their decisions. Also, they avoid the trap of self completing prophecies, when it comes to role taking (as we have seen in Chapter III). This is, however, the stuff of the future. The most obvious reason, for the lack of a theory that argues that the international system works like this, is that the international
system does not work like this. However, this image of how it should work, will serve as the foundation for devising the guidelines for federal Europe.

V.3.1 Maximizing Prosperity

Upon becoming a unified political entity – a sovereign federal state – federal Europe will most likely be one of the three largest economies in the world (if it were to become a federal state tomorrow, it would be number one). The European economy and the European consumer would undoubtedly benefit a great deal, from an inclusive FTA agreement with the U.S. However, European decision makers would most likely be faced by a host of challenges, regarding competitiveness and sustainability just to mention two of the most widely discussed topics.

Without wanting to point out all the challenges – and without knowing what they will be a decade or two from now – we may mention the following, as the main issues most likely to remain on the agenda of the EU/federal Europe for some time to come.:

- Lack of productivity: “EU is lagging behind in productivity gains relative to emerging industrial powerhouses and some of its major competitors such as U.S. and Japan. The EU-US productivity gap, for instance, is growing wider again after years of narrowing.” (European Commission 2013e)
- Lack of innovation: “the EU is generally perceived as being less effective at bringing research to the market than its main competitors such as the US, Japan, and South Korea. This has contributed to the so-called ‘innovation gap’” (European Commission 2013e)
- Lack of exploiting alternative sources of energy production: “The European Union could become the global dumping ground for cheap coal, as the changing economics of energy markets divert the carbon intensive fuel to the world's largest economy […] An ongoing US shale gas revolution is keeping US domestic natural gas prices low, undermining coal's competitiveness and causing US coal producers to ship the fuel to Europe” (European Commission 2013d)
- Increased pressure and competition in a wide variety of areas – demand for oil and gas, industrial competition, agricultural products, biofuels etc…(see: Havlik et al. 2009) – between the EU and the BRIC(S)
These challenges imply that, in order to keep the attractiveness of European integration, from an economic gains perspective, federal Europe’s foreign policy will have to consider these problems, and provide support in order to overcome them. While the maintenance of economic prosperity is primarily not a matter of foreign policy, the connection between these areas has been discussed extensively by several scholars and commentators (see: Preeg 1974; Richardson & Kegley 1980; Sabet 2013;).

V./3.1.1 Proposed Guideline:

- Economic prosperity is a source of legitimacy for the European project – federal Europe’s foreign policy has to have supporting the European economies interests as one of its principal goals
- Deepen cooperation between U.S. and Europe through an ambitious FTA agreement in order to strengthen the legitimacy of European Integration, and in order to represent a more significant balancing force against today’s emergent economies

V./3.2 Expanding democracy through projecting stability

In the case, that TTIP will be concluded with success, the EU and the United States will have an added incentive to revitalize the transatlantic relationship, through the institutionalized form of NATO. We should note, that at present, many commentators are already writing about how the current challenge of Vladimir Putin to the “rules of the game” will lead to the medium to long term rejuvenation of the military alliance, giving it a new purpose.

Take the Economist’s recently published commentary for example: ““We feel uneasy, but, we must not get in a hysterical mood,” says Edgars Rinkevics, Latvia’s foreign minister. As the Ukrainian crisis continues, Latvia Estonia and Lithuania […] are increasingly exposed to Russian pressure, for historical, geographical and linguistic reasons. If it weren’t for their NATO membership, the Baltic trio would feel almost as vulnerable as in 1938-39, after Hitler had annexed the Sudetenland under the pretext of
needing to protect the local German population […] Baltic leaders’ warning about Russian expansionsim have tended to go unheeded by their allies in NATO and the European Union. They were often dismissed as paranoid or Russophobe. […] although the West’s attitude has changed with Russia’s annexation of Crimea […] Baltic policymakers hope that Russian revanchism has awakened the West to the importance of their region – and the need to protect it. They hope it will encourage Sweden and Finland to join NATO and discourage their governments and those of other EU countries from more defense cuts. And – who knows? – today’s fractious EU may even unite around a more coherent security policy” (The Economist 2014 pp.53-58)

In any case, a consolidated long-term partnership between federal Europe and the U.S. (+Canada) will most definitely see Europe taking an increased share of the burdens of the alliance. Although the military aspect of the future of Europe has not been discussed in this paper, it is important to highlight the potential rationality of continued cooperation between these two partners, especially with the increased military significance of China. The NATO could be given the mission, of ensuring the safety of the largest zone of free trade and democracy in the multipolar world. This could serve the dual purpose of ensuring stability in the turbulent neighborhood of Europe and of giving a chance for the development of democratic transitions.

V/3.2.1 Beyond Europe

If the recent example of Ukraine is any indication, successfully establishing a new trade regime between the two largest economies in the World (TTIP), access to the joint EU-US market will be a very attractive prospect for third countries, in order to comply with democratic conditionality criteria. Charlemagne notes: “The power of trade can be seen in the revolution in Kiev after Ukraine rejected the EU’s proposed free-trade deal in November” (Charlemagne 2014b) This will leave the EU – in cooperation with the U.S. – in a position to influence the Caucasus and the Mediterranean basin’s political developments, nudging them toward democracy. Much more so than the tacit support that was provided by the West during the Arab Spring. While the strong show of force through NATO – followed-up by subsequent action if necessary – would probably ward off external meddling in the European neighborhood’s affairs, the issue of domestic
political stability remains. No matter how attractive trading with the EU might seem, a state that has ongoing internal feuding, or outright civil war, will not be a good candidate to comply with conditionality requirements. Thus the entire process of democratization through peaceful means falls in on its self. This is where the role of a centralized coordination of all international aid will mean a great boost to the effectiveness of this process, with planning being done on a central level.

V.3.2.2 Proposed Guidelines:

- Change mentality: creation of a federal Europe marks the beginning of a truly multipolar system. This requires the development of European power projection capabilities, in the classical military sense, as well as in the soft power sense of conditioning international trade deals or linking ODA to increasing trade volumes.
- Redefine role of NATO, reiterate the importance of Article 5 and provide membership perspective to European countries with the aim of projecting regional stability and thus aiding home-grown transitions to democracy
- More equal burden sharing in NATO

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40 Article 5 of the North Atlantic Treaty: “The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defense recognized by Article 51 of the Charter of the United Nations, will assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area.

Any such armed attack and all measures taken as a result thereof shall immediately be reported to the Security Council. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.” See: NATO (1949)
Federal Europe will have to act as a political and economic giant at the same time, growing beyond pigmyism. At present, the perception of the EU by the U.S. – and possibly the rest of the world - is all too clear: "For Mr Obama, Europe's Lilliputians made a mess of the euro crisis. And the confrontation over Ukraine confirms to some in the administration that Europeans cannot be left to manage their own backyard" (Charlemagne 2014b). In order to change being cast in this sort of role, federal Europe’s foreign policy, and her leaders will have to manifest a coherent image to the same effect. Something that it could possibly achieve, by following the guidelines as laid out above and by consciously living up to its own potential – by taking the role of being a political giant.

As we have discussed earlier, the formation of élite attitudes may be influenced by a number of issues, which cannot be exhaustively explored here. We have, however seen – in the case of the perceived importance of Europe – that one of the largest dangers involved with attitude formation, is that it is based on false perceptions that decision makers formulate based on faulty information, or a lack of information. Onuf writes: “When we, as human beings, act as agents, we have goals in mind, even if we are not fully aware of them when we act. If someone asks us to think about the matter, we can usually formulate these goals more or less in the order of their importance to whomever we are acting as agents for, starting with ourselves. Most of the time, agents have limited, inaccurate, or inconsistent information about the material and social conditions that affect the likelihood of reaching given goals. Nevertheless, agents do the best they can to achieve their goals with the means that nature and society (together- always together) make available to them.” (1989 p. 3).

This observation is closely connected with the issue of self-fulfilling prophecies. The argument, that constructivism is, in and of its self only a method of describing processes – no matter their theoretical justification – is supported by the fact, that the prominent realist, and American diplomat, George F. Kennan was one of the first to point out this conundrum., in relation to the cold war, and the need for containment: “[…] Kennan repeated his basic stance and added that fixation on “the military aspect of world affairs” tended to be a self-fulfilling prophecy since “the more present differences are
talked about and treated as a military problem the more they tend to become just that.” While his argument (since then often repeated) in this instance was directed primarily against those who wished to reform the United Nations into a functional military force, he was making a point against wide alliances in general” (Stephenson p. 141)

Without going into concrete instances of speculation, this highlights the need to tread cautiously in all issues. With political power, comes political responsibility. On the one hand, the U.S., for example, has had ample opportunity to experience what it means to be a superpower and have systemic obligations and responsibilities – the “nuclear responsibility” it bears since the Cold War is just one such example, with the Cuban Missile Crisis showing that it could be trusted to act responsibly. Federal Europe, on the other hand, will have to learn, in order to merit a change in its perception by its allies, and in order to wield its economic and political power responsibly.

V.3.3.1 Proposed Guidelines:

Here, the main guideline, is considering the lessons of history, and appreciating the importance of these arguments.
Chapter VI: Summary

Chapters I-IV.

In the first three chapters of this paper, I set out to analyze two of the EU’s external action policy areas - international trade and international development aid – with the help of IR theory. I wanted to see, how the various schools – realism, liberalism & constructivism – could interpret the EU’s international presence. As we saw, realism was apt at pointing out the economic rationality behind EU MS’s cooperation in trade and it was quick to call our attention to “the truth” behind the EU’s proclaimed supremacy in the field of international development aid, namely that the EC’s role remains limited, with the MS disposing over 80% of the ODA leaving the EU. The ongoing TTIP negotiations were interpreted as a method of externalizing the balance of power in trade between the U.S. and the EU, in order to be effective in maximizing common gains against emergent economies, and principally China.

With the help of liberalism, we were presented with a strong argument, to why the process of expanding free trade could be seen as a vehicle of expanding democracy and the stability that it entails, as described by the democratic peace theory. Results are obtained through capitalizing on the attractiveness of conducting free trade with the EU. Third parties that wish to gain access to the common market have to adhere to the democratic conditionality requirements of the EU. The case of the incorporation of CEE into the EU in 2004 was depicted as a success story for this process. Through the currently declared policy doctrine of “aid for trade”, international development aid was depicted as a supporting policy instrument of the process of expanding democracy.

With the help of constructivism, we were able to go beneath the system level interpretation of European external action and consider the notion, that a wide variety of social, cultural, historical and even psychological factors influence European decision makers when they formulate policy. In relation to EU external action, we discussed the issues of how international agents may take a variety of roles (role-taking & casting) depending on how the individual élite in charge of formulating policy interpret their own role and the roles of others in the system.
In order to make concrete observations about the EU’s external action, constructivism required that we search for dominant forms of self perception within the agents responsible for making trade & aid decisions. Some research done through the constructivist epistemology seems to suggest, that in relation to trade, the self-perception that DG Trade has internalized is that of “being an agent of hyper globalization”, which entails moving the EU towards the creation of a world market. This kind of independent EC agenda, might also be brought into relation with various theories of bureaucratic governance, which propose, that bureaucracies are capable of imposing their own political agendas on the decision making process, even if it is contrary to the will of its political masters. Considering the broad licenses that the EC has in issues of trade, it might be worthwhile to examine this question in more depth, especially in relation with the ongoing TTIP negotiations.

Relating to the issue of international development aid, we concluded that internalized humanitarian considerations were most likely behind the policies that EU MS and the EC its self perused in its policies, although as we saw through the points made by Easterly (2006), the west’s perception of how to help the developing world has, perhaps not been thought through thoroughly enough.

Chapter V.

In Chapter V., I set out to discuss the main shortcomings of the observations of the three theories – all of which were based on the observations of Walt (1998) – with the intent of reconciling them in the form of a set of observations, or common denominators that would help interpret the EU’s external action with the benefit of all three schools at the same time.

Regarding the shortcomings of the realist school, we saw that it was ill equipped to interpret the process of European integration, which has by many accounts moved beyond a simple utilitarian arrangement based on the need to maximize gains. The best example for this is – relating to external action – is the qualified majority voting system that the EU applies in the adaptation of international trade treaties. In theory this could result in an MS’s interests being disregarded, and its markets being forcedly opened up to international free trade. the question of international development assistance is linked
to this. Even though the MS dispose over the majority of aid themselves if we accept the criticism, and take into account that the EC is perusing the aid for trade policy, than we see, that in theory the EC could promote interests through foreign aid that are contrary to the interests of some of the MS.

The pentacle of liberalism’s shortcomings, is the fact that it “tends to ignore power” – as Walt (1998 p.38) puts it. The current state of affairs around Europe – with Ukraine at the forefront – point to the failure of the notion of expanding democracy through trade, without considering the implications of hard power. A capability that the EU is missing almost altogether, as the third part of the well known phrase points out: The EU is an economic giant, a political pigmy and a military worm.

Regarding constructivism, Walt points out that the third theory is more apt at dealing with the past, than it is predicting the future. This makes sense, if we consider what a daunting task it would be, to look into the individual pathways of socialization, cultural heritage and psychological profiles of today’s decision makers. We did mention that there is a strain of research that suggests that constructivism can indeed be consolidated into a more coherent theory that is apt at dealing with the future, although, as discussed, the propositions of Ritteberg et al. stand on somewhat shaky grounds. Here we also discussed the conundrum involved with role-taking, namely, that it involves the danger of taking roles based on perceptions of

Following the critical analyses of the three schools, we were left with three observations that could be accepted by all the theoretical perspectives:

- Economic gains considerations have always served as one of the most important factors in the process of European integration and it plays an important role in legitimating the role of the EC.
- Incentivizing international free trade agreements for developing countries, and providing well programmed international aid, can significantly boost democratic transitions given that internal and external stability are present.
- An international actor’s perception of one’s self, hinges on the perceptions – fears, hopes etc… - of the individuals that make-up the decision making élite of that actor, consequently, the flow of information to top decision makers is essential in order to be able to take and cast adequate roles
Out of these, I ventured to construct a set of guidelines that should be observed by foreign policy makers of an imagined “federal Europe”, in order to benefit from the insights of all the three schools.
Appendix

Economist Democracy Index 2006, Excerpt (Economist Intelligence Unit 2007)

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Interview with Maximillian Gephardt, U.S. diplomat, economic specialist, stationed in Budapest – conducted on 2014.01.11, Budapest

Me: Generally, how aware do you think the American public is, of the ongoing TTIP negotiations?

Max: It would seem to me, that the public awareness is very limited. The majority of citizens are occupied with other issues that hit closer to home, like the healthcare reform, or immigration issues. I would say that less than 10% of people have actually heard of the negotiations, which of course, doesn’t mean that they actually know what the main issues are.

Me: And how do you see the general attitude toward the treaty, among those, that have actually heard of it, and can contextualize it, and more importantly, what are the perceptions within the DOS, or the Office of the Trade Representative?

Max: There has been a fair amount of public discussion regarding the TPP (Trans-Pacific Partnership Treaty). Throughout that debate, there was a tendency of demonizing the treaty, portraying it as something evil. Of course, some concessions had to be made, but the situation with TTIP is different. The U.S. initially proposed TAP (Trans Atlantic Partnership) a trade construction similar to TPP, where individual member countries could sign on to an open, multilateral treaty – this formula, by the way, was developed as a response to the unwillingness of China to join in the TPP negotiations, since this way, we could go ahead and conclude agreements with everyone else in the region, while leaving the door open to China. The European Commission, however, said that such a construction would be unacceptable, since it would circumvent its negotiating primacy, and undermine the “actorness” of the European Union. Anyway, the point is that the U.S. reluctantly accepted the notion of TTIP, however top officials made it clear, that all the legwork would have to be done by the Commission in exchange for going along with this construction. There is also an understanding between the parties that the U.S. has to get a pretty enticing deal, in order for it accepting the rulebook of the Commission. So I think public perception will be more positive, if we can come away from the negotiating table, saying that the Europeans have made more concessions than we have. However, as with all trade agreements, some industry segments are bound to be effected negatively, on both sides.
Me: And what if the right incentives aren’t offered to the U.S.? What would happen then? How important do you think it is for President Obama to conclude the negotiations in his term?

Max: As I understand it, the U.S. is willing to walk away from the table, if the right incentives aren’t offered. As to what would happen, I’m not sure, as the Commission has made it clear, that its authority cannot be circumvented in this matter, as it has supranational licenses in trade negotiations. In any case, in theory, we could toy with the thought, of the U.S. creating a trade agreement with non-EU European countries, and leaving it open for EU countries… That would be a serious slap for the EU; in any case, this is not very likely. Regarding the President, I think TTIP is not at the top of his agenda. He has a lot on his plate, like Obamacare, or immigration reform, and if the Democrats lose out on the midterm elections, he might not be able to get TTIP approved, even if negotiations where to be finalized. But the official standpoint is that we are striving to conclude and ratify the agreement in his current term. If I had to put a percentage value on it, I’d say there is a 30% chance of that happening.

Me: Why do you think that a Republican majority wouldn’t ratify the agreement? After all, republican leaning lobby groups like the U.S. Chamber of Commerce have repeatedly stated, that if the agreement is good – as in, it gives a bigger win-set to the U.S. than to the EU – than it should be concluded!

Max: To me, it seems that even though Republicans do support a trade agreement, the President has burnt a lot of his political capital, which might mean that he would simply get blocked on principal. After all, it has happened before just think about the budget, or the debt ceiling issues. Also, I personally feel that the President is less interested in TTIP than, for example, getting the Healthcare Marketplace up and running.
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