

Introduction

Domestic Drivers of Foreign Policy in the European Union and the United States

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Foreign policy begins at home, and on each side of the North Atlantic the domestic drivers of foreign policy are shifting in important ways. In this volume we, together with a group of European and American scholars, take a closer look at the domestic determinants of EU and U.S. foreign policy, with a view to the implications for transatlantic relations. We examine domestic political currents, demographic trends, changing economic prospects, and domestic institutional and personal factors influencing foreign policy on each side of the Atlantic. The European authors were asked to focus additionally on how domestic currents within EU member states affect not only national foreign policies, but foreign policy at the level of the EU—itself a work in progress.

The election of Donald Trump as U.S. president, the decision of British voters to leave the EU, and popular pressures on governments of all stripes and colors to deal with the domestic consequences of global flows of people, money, and terror all highlight the need for greater understanding of such domestic currents and their respective influences on U.S. and European foreign policies.

Together with our authors, we offer a rich portrayal of the changing domestic landscape for Europeans and Americans. We underscore the deep and multi-faceted ties that still bind not only foreign policy elites but economies and societies on both sides of the North Atlantic. But we also highlight how public attitudes regarding globalization have become polarized on each side of the Atlantic, and how such cleavages can affect the transatlantic relationship. The book underscores how the complicated interplay among domestic institutions can affect U.S. and EU approaches to each other and to the world. And when it comes to Europe, the analyses show how the varying role played by EU-level institutions in different branches of external relations adds an additional layer of complexity when it comes to understanding the EU's ability to complement, enhance, or substitute for the foreign policies of individual EU member states.

Demographic Change

In our first section, we explore how underlying demographic trends may affect U.S. and EU foreign policy priorities.

How does the changing ethnic and regional mosaic of American society affect views on key U.S. foreign policy issues? What effect, if any, may be discernible in U.S. approaches to Europe? As America's demography shifts, some observers are inclined to think that U.S. opinion on foreign policy will shift as well. Across Europe there is a widely shared assumption that the diminishing share of the U.S. population originating from Europe will in due course weaken U.S. interest in and commitment to the transatlantic relationship. Particular attention has been paid to Hispanic Americans, who will account for most of the nation's population growth through 2050 and are driving an historic shift in America's demographic landscape. Asian Americans are growing at an even faster rate, yet account for a far smaller proportion of the overall population.

German Foreign Minister Sigmar Gabriel has expressed European concerns succinctly: "U.S. society is changing rapidly. In the foreseeable future, the majority of Americans will not be of European descent—they will have Latin American, Asian or African roots. That is why the United States' relations with Europe will not be the same as before."¹

While this perspective may seem quite odd to many Americans, Gabriel gives voice to a latent angst in Europe that America's heart and mind are drifting toward the Pacific, or to other regions of the world, because American society is becoming less "European" and more of everything else. There is a corresponding anticipation that the common value basis for transatlantic partnership is likely to weaken.

Dina Smeltz and Karl Friedhoff strongly refute these superficial assumptions. Drawing on extensive public opinion data, they demonstrate rather conclusively that there is no significant correlation between shifting demographic trends and U.S. foreign policy priorities in general or U.S. attitudes to Europe in particular. Appreciation of Europe as a partner, including a commitment to cooperate with it, enjoys equal support irrespective of age group or ethnic background, and equally among elites and the broader public.

¹ Sigmar Gabriel, "Europe in a More Uncomfortable World," December 5, 2017, available at <https://www.auswaertiges-amt.de/en/Newsroom/berliner-forum-aussenpolitik/909376>.

Data that Smeltz and Friedhoff present in their chapter, as well as previous polls by the Chicago Council on Global Affairs, reveal that Hispanic Americans share a very similar worldview with the larger U.S. public. They consider terrorism, nuclear proliferation, Iran's nuclear plans and cyber-attacks to be critical threats to vital U.S. interests, and they support robust U.S. diplomatic engagement, including through alliances, treaties and trade agreements. Hispanics are more concerned about climate change and world hunger and more supportive of the UN than the U.S. public at large, and quite positive in terms of relations with other North American countries and with Europe.

Smeltz and Friedhoff conclude that demographic change does not explain U.S.-European differences on specific issues, or the fact that European issues may not always rank at the top of U.S. foreign policy priorities. Other factors, such as America's enduring role as both an Atlantic and a Pacific power, together with the rise of China and a range of high-profile security, economic and political challenges in what Donald Trump calls the "Indo-Pacific," explain more.

Smeltz and Friedhoff point to partisan cleavages, not demography, as the most important dividing line in the United States when it comes to foreign policy differences. Those cleavages can affect the transatlantic relationship, for instance when it comes to differences on climate policy, but even here there are few significant partisan differences when it comes to the importance of Europe to U.S. foreign policy interests.

When it comes to demographic trends in Europe, foreign policy implications are less easily discernible. Data tracking the foreign policy views of minorities or ethnic groups within the EU are less available. Rainer Münz highlights one of the most obvious differences between the transatlantic partners: European populations are aging rapidly, whereas aging trends in the United States are more balanced.

Both sides of the Atlantic face the prospect of aging societies, but Europe is arriving there first. America's demographic situation is different, characterized by a relatively robust population growth rate and youthful population by European standards. It will also have to deal with the aging issue, but the experience is likely to be less severe. But the United States will need to face the fact that close allies with aging, shrinking populations may be less able to support their militaries or provide financial support to issues important to Washington, perhaps contributing to extra stress on U.S. resources. Aging societies in Europe could also reinforce inward-

looking tendencies in some European countries, as traditional social welfare systems come under greater stress.

If European societies that are aging and shrinking want to maintain their social welfare models, they are in need of immigration. Yet migration has become perhaps the most divisive issue in European politics in recent years.

Some migration challenges are common to the EU and the United States, including publics often skeptical about migration's benefits, strong underlying pressures for migration from neighboring developing countries, the need to manage porous borders effectively, and concerns about immigrant integration.

Here again, however, asymmetries emerge, in part due to different social models and the varying degree to which demographics will drive immigration policies. The most worrisome trend for Europe is that the EU has become a magnet for the unskilled, and lacks pan-European strategies to attract and integrate the highly skilled,² whereas the United States continues to attract highly skilled migrants, even while struggling to take full advantage of its migrant population as a generator of growth.

Political Cleavages and Public Opinion

Trends in public opinion display significant differences on the two sides of the Atlantic. Whereas the strong divide created by questions of globalization and internationalization takes place in the United States largely within the framework of the party system, within the EU it tends to empower new political movements in their struggle against established parties.

In the United States, factions within both the Republican and Democratic parties are engaged in pitched debates about the nature of globalization and appropriate U.S. responses. Within the Republican party, supporters of Donald Trump agree with the President's assertion that the United States has carried too much of the burden, and sacrificed too much of its sovereignty, supporting an international system that they believe often works contrary to U.S. interests. They face more traditional Repub-

² See Daniel S. Hamilton and Kurt Volker, *Transatlantic 2020: A Tale of Four Futures* (Washington, DC: Center for Transatlantic Relations, 2011).

lican voices who argue that rules-based open trading arrangements and military alliances are more conducive to U.S. interests than unilateral efforts to go it alone. Within the Democratic party, the 2016 primary brawl between supporters of Hillary Clinton and Bernie Sanders continues unabated. Those who had supported Clinton argue for an activist U.S. foreign policy that would seek to extend democracy and human rights protections, support strong military alliances, and confront adversaries such as Russia. Those who had supported Sanders argue for a far more modest foreign policy footprint that steps back from military adventures, gets tough on trade, and prioritizes the need to meet challenges at home.

Smeltz and Friedhoff draw on polling data to show that Democrats and Republicans have traded places on some critical issues, such as trade and Russia. Despite fierce debates over trade within the Democratic party, Democrats overall are now more favorable than Republicans to trade agreements. And despite the traditional anti-Russian stance of the Republican party, Republicans overall now tend to be more favorable than Democrats when it comes to pursuing good relations with Moscow.

Political currents in Europe, in contrast, are marked by widespread lack of confidence in mainstream parties, which means that partisan differences have given rise to new political movements outside the traditional party spectrum. Rosa Balfour discusses how such movements have capitalized on populist criticism of established parties to present themselves as viable alternatives to mainstream policies and politics. In this group there are movements whose political program cuts across the traditional right-left axis such as the Five Star Movement in Italy or President Emmanuel Macron's *La république en marche!* in France. Two new Spanish parties, Podemos and Ciudadanos, could be categorized in this group of anti-establishment movements, even if their ideological anchoring is more traditional. There are equally parties representing both fringes of the ideological spectrum, such as the far-left Syriza in Greece and far-right parties such as Le Front National in France and the Freedom parties in the Netherlands and in Austria.

Whereas the mainstream parties in the United States challenge each other on foreign policy issues, in Europe the challengers come from outside the established parties, rendering the party system much more fragmented in various EU member states. This has led to increasing difficulties in government formation in many European countries, where the traditional consensus on foreign policy issues is breaking down.

Differences between the EU and the United States also come to the fore with respect to foreign policy identities and conditions of mutual trust. Both European and American populations want to see their country (in the European case the EU) take an active role in world politics in general. When it comes to issues of military security, however, Europeans are clearly less inclined than Americans to support military intervention. In the wake of Donald Trump's election as U.S. president, Europeans also trust the United States less than Americans trust Europe.

David C. Hendrickson analyzes how the polarization of public opinion in the United States has interacted with the party system to politicize foreign policy decisions, leading Washington to alternate between extremes on many issues. These swings have weakened European trust in the transatlantic partnership, highlighted Europe's dependence on its superpower partner, and prompted the EU to search for other solutions in its aspiration to consolidate its key values internationally.

Rosa Balfour underscores the complex and uneven nature of European public attitudes towards the European project. In some EU countries, popular trust in EU institutions is higher than in national political institutions, whereas in other EU member states publics trust their national authorities more than EU institutions.

The EU has been suffering through a decade-long crisis of confidence, generated by a series of shocks, ranging from the financial crisis and disruption within the eurozone to Russia's military interventions in neighboring countries, unprecedented migration flows and the decision of the United Kingdom to leave the EU.

These challenges have forced some unpleasant realities. Crises within some eurozone countries accentuated north-south divisions within the EU, while the migration crisis exacerbated east-west splits. The Brexit vote has made it clear that European integration is neither inevitable nor irreversible. Russian aggression, migration inflows, and Trump's demands that Europeans pay a fairer share for their defense are signs that Europe may not be as peaceful and secure as many had thought.

These European anxieties have transformed the political landscape within the EU. Protest voices have eroded the position of mainstream parties across the board, even in countries such as Germany and Sweden. Social democratic voices have been muted by a surge of right-leaning parties and movements across the continent.

While many pundits expressed concern that the victory of nativist voices in the United Kingdom and the United States in 2016 would be followed by similar triumphs in 2017 elections in Europe, by the end of 2017 a new narrative had emerged that essentially argues that Emmanuel Macron's victory over the right wing Le Front National in France and Angela Merkel's victory in Germany's elections demonstrate that mainstream policies and politics have overcome these pressures.

This new narrative seems premature. Close to 11 million French voted for the extreme right in the second round of the presidential election. The right-wing *Alternative für Deutschland* (AfD) emerged as the largest opposition party in the German Bundestag. The far-right Freedom Party has entered the ruling government coalition in Austria. The European Commission is moving to sanction Poland for far-reaching legislation that effectively puts Polish courts under the control of the right-wing governing party, Law and Justice. Andrej Babis, a populist billionaire, swept aside mainstream party challengers to become Prime Minister of the Czech Republic. And Prime Minister Viktor Orban continues use his power to entrench "illiberal democracy" in Hungary.

In many EU countries, right-populist parties are represented in national parliaments, and registered notable gains in the 2014 European Parliament elections. They either form part of the government in a number of EU member states, or governments rely on their support to remain in office. In short, their influence over European politics and policies is significant, and extends beyond the issue of migration, which originally gave such movements their political force. Their success is an indicator of the intensity and speed of change in Western societies and economic structures. It is also a sign that the cry for "more Europe" divides European publics, some of which are less inclined to support Brussels-led institutional fixes to European problems.

The Interplay of Institutions

James M. Lindsay and Teija Tiilikainen explain how challenges to contemporary transatlantic relations may originate in the respective foreign policy decision-making processes at work on each side of the Atlantic. Both in the United States and in the EU, the transatlantic relationship is molded by domestic institutional processes much more complicated than pure *raison d'état* might suggest.

Seen from abroad, the U.S. president may appear to be a most powerful political leader. Seen from home, the president, while influential, can be constrained in foreign as well as domestic policy by the checks on excessive power enshrined in America's domestic political system. The constitutional and institutional framework of American government, especially what James Madison referred to as the "partial mixture of powers"³ between Congress and President, is a significant factor shaping the nature outcome of specific U.S. foreign policy decisions.

Lindsay explains the many ways the Congress can constrain executive branch actions, even if the president leads on U.S. foreign policy. The push-me/pull-you between Congress and President is an enduring feature of the U.S. political system. But it is assuming even greater importance as "foreign" and "domestic" policies blur. More executive agencies and more congressional committees have influence on issues with foreign policy implications.

In addition, the U.S. foreign policy decision-making process has been further complicated by the ever broader and more geographically dispersed nature of the U.S. political elite, the weakness and poor discipline of the political parties, the strength and legitimacy of economic, ideological and ethnic pressure groups, the depth and frequency of political turnover in the executive branch after elections, the sheer size and diversity of the foreign affairs and national security bureaucracy, and the role of the press, almost constitutionally entrenched as a virtual fourth branch of government. The result is a baffling challenge for anyone seeking to become attuned to the cacophony of voices and process in U.S. policy.⁴

The U.S. system was designed to maximize liberties and to check the excessive use of arbitrary power. It is complex and sometimes unwieldy. But American federalism is often a paragon of efficiency compared to the decision-making complexities inherent in the multi-level interactions between the EU institutions and individual EU member states.

Within the EU, the on-going process of integration implies a great deal of variation with respect to the institutional set-up and division of

³ James Madison, "Federalist Paper #47 – The Particular Structure of the New Government and the Distribution of Power among its Different Parts," January 30, 1788, available at <http://thefederalistpapers.org/federalist-papers/federalist-paper-47-the-particular-structure-of-the-new-government-and-the-distribution-of-power-among-its-different-parts>.

⁴ See James A. Nathan and James K. Oliver, *Foreign Policy Making and the American Political System*, 2nd edition (Boston: Little, Brown and Company, 1987).

competences taking place between processes of foreign policy decision-making. While the EU's Treaty of Lisbon, agreed in 2007, enhanced some EU-level authorities regarding external policies, it and other recent EU-level innovations have not solved the EU's institutional complexity or rendered the EU a unitary foreign policy actor.

Teija Tiilikainen concludes that while common EU institutions have a stronger role on issues of external economic relations and trade, EU member states have still a firm grip on issues of common foreign and security policy (CFSP), where unanimity is still the main rule for decision-making. She also demonstrates, however, that there are exceptions to this general conclusion. She offers examples where the European Commission has exerted a strong role on a CFSP issue and where the European Council, composed of the member states' representatives, has taken majority decisions without full consensus. She shows how the dynamic character of the EU's decision-making can both influence the content of policy and generate greater unpredictability with regard to policy outcomes.

The External Consequences of Domestic Economic Issues

Voters across the United States and many parts of Europe have grown skeptical of open markets. Concerns about stagnant wages, widening income inequality, and pockets of stubbornly high unemployment have combined with fears of automation, digitization and immigration to swell economic insecurities on each side of the Atlantic.

Within the EU and across the United States, traditional left-right political schisms are giving way to new domestic splits between those wanting to open economies and societies further to the world, and those on both left and right who want to shield their economies and societies from what they perceive to be the excesses of globalization. In the United States, the Trans-Pacific Partnership (TPP) trade negotiations with 11 other nations became the symbol of disruptive globalization; in Europe it was the U.S.-EU negotiations on a Transatlantic Trade and Investment Partnership (TTIP). In their own way, both TPP and TTIP became lightning rods for criticism as emblematic of how powerful market forces were eroding the democratic legitimacy of societies and sovereign authority of governments. In the end, the Trump Administration turned away from TPP, and TTIP is in the deep freeze.

On both sides of the Atlantic this popular revolt has taken diverse, overlapping forms: reassertion of local and national identities, demand for greater democratic control and accountability, rejection of centrist policies, and distrust of elites and experts. Those on the right have split between mainstream free-market conservatives who champion freer markets, and nationalists and nativist populists who believe such agreements are destroying sovereignty. Those on the left have split between those who believe high standard agreements could not only generate jobs at home but extend higher labor, environmental and consumer standards further around the world, and those who believe such agreements are destroying jobs and hard-fought standards at home.

Edward Alden notes in his chapter that the Trump presidency marks the biggest turning point in America's foreign economic policy since President Franklin Roosevelt signed the Reciprocal Trade Agreements Act of 1934, which renounced protectionism and set the United States on a course for deeper economic engagement with the world. Since that time, the basic domestic bargain underpinning U.S. foreign economic policy has been that U.S. efforts to advance prosperity and stability abroad would help secure prosperity and stability at home. That bargain ended in the years following the Great Recession, as more and more American voters became frustrated with an economy that, in Alden's words, "seems to work well for far too few."

While on paper the U.S. economy now seems to be enjoying respectable growth and low unemployment, the numbers disguise a deep and growing economic divide. Since the beginning of this century, the economic circumstances of most Americans have been stagnant or slipping. Median earnings have been flat, and have shown little growth for decades. Nearly half of all jobs created since the recession paid near-minimum wage. Economic mobility has faltered. In the United States, this relative economic decline of the middle or working class has been associated with a number of social ills, like increasing rates of family breakdown and an opioid epidemic that in 2015 claimed about 60,000 lives.⁵

In his successful election run, Donald Trump channeled these economic anxieties into a larger critique of America's global position. Edward Alden summarizes: "Americans were suffering because they were too generous to the rest of the world, taking in immigrants and defending allies, and

⁵ Francis Fukuyama, "Why Populist Nationalism Now?" *The American Interest*, November 30, 2017.

because the country's political elite had negotiated a series of flawed international deals that had harmed the U.S. economy and ordinary American workers." Nor was Trump alone in his critique. Economic anxiety also fueled the campaign of Vermont independent Bernie Sanders, who very nearly snatched the Democratic nomination away from the more orthodox Hillary Clinton.

Europe, in turn, has been experiencing its own economic shakeout. The 2008 financial crisis and subsequent eurozone uncertainties generated considerable economic anxiety and discontent, strained intra-EU solidarity and eroded trust in European elites and EU institutions.

Popular and elite disconnects are apparent on trade. The European Commission is charging ahead with a robust free trade agenda, implementing its CETA deal with Canada, reaching political agreement with Japan on a bilateral deal, negotiating a modernized free trade agreement with Mexico, and looking to ratify deals with Mercosur, Vietnam and Singapore and to strike new deals with Australia and New Zealand. But popular sentiment has turned against EU trade agreements, in part because of economic anxieties, but also in part because, as Rosa Balfour notes, of lack of trust in the European Commission's ability to conduct such agreements.

Across the continent there is a palpable apprehension about the benefits of trade, even though one third of the EU's income comes from trade with the rest of the world. For many Europeans, globalization has become linked to job losses, lower standards for safety, health and the environment, and an erosion of traditions and identities.⁶

Conclusion: Implications for Transatlantic Relations

The overarching question behind this volume is whether the transatlantic relationship, as an historical community of values and interests, will have a future. Viewed in the context of such international trends as the diffusion of power and greater global competition regarding values, the U.S.-EU partnership seems essential to safeguard the legacy of the liberal world order. Informed by the domestic factors we explore in this volume, however, the situation appears more complicated.

⁶ European Commission, "Reflection Paper on Harnessing Globalisation," May 10, 2017, https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-globalisation_en.pdf.

Our authors show clearly how foreign policy decisions in the United States and the EU are driven by domestic considerations that are often far removed from state-centric portrayals of how nations interact in a globalized world. Of course, foreign policy scholars have long highlighted the importance of personal convictions and worldviews of foreign policy leaders, bureaucratic rivalries, economic interdependencies and public attitudes when it comes to understanding how foreign policy decisions are made. But seldom has the disconnect between domestic drivers and international imperatives seemed so wide.

These underlying attitudes and domestic trends do not necessarily translate into specific U.S. or EU policies, because they are more like directions on a compass than points on a map. Nonetheless, they lead us to several conclusions about the transatlantic relationship going forward.

First, each partner is inclined to step back from the world and to step back from the other. On each side of the Atlantic, fewer citizens are confident of their own prospects, which makes them less willing to extend themselves for others. This period seems less a time to reach out and more a time to shore up, hunker down, and take care of one's own. If Europeans and Americans are to act more effectively together in the world, they will each need to get their respective acts together at home. Without fiscal solvency, economic growth and job creation, sustained transatlantic leadership is implausible, because the normative appeal and continued relevance of the U.S. and EU models for others depends heavily on how well they work for their own people.

Second, for the foreseeable future the U.S.-European relationship is likely to be selective and transactional. Despite President Trump's ambivalence about NATO, his administration has remained committed to the alliance, increasing funding for U.S. forces in Europe, maintaining U.S. forces deployed forward to the territory of eastern NATO allies, and supporting provision of lethal aid to Ukraine. The Congress remains robustly supportive of NATO and the transatlantic alliance. But the administration has downgraded relations with the European Union, and President Trump has publicly cheered the UK's Brexit decision. Washington will be more inclined to deal with individual EU member states than what President Trump calls the Brussels "consortium," and is likely to do so with a narrower understanding of U.S. interests. The EU, in turn, will be reluctant to engage in initiatives with an administration whose leader has questioned some of the basic principles upon which European integration has been built. It is more likely to hedge its bets, diversify its partnerships, and do

what it can to lessen its dependence on an erratic partner. The November 2017 decision by 23 EU member states to deepen their defense cooperation is one example of such efforts.

These dynamics will influence transatlantic economic cooperation. Maria Demertzis concludes that the deeply interwoven nature of economic relations between the EU and the United States implies a natural alliance. Each is the other's largest trading partner, greatest source of foreign investment, and largest source of onshored jobs. The \$5.5 trillion transatlantic economy is the largest and wealthiest market in the world, accounting for over 35% of world GDP in terms of purchasing power. It is the fulcrum of the global economy, home to the largest skilled labor force in the world, and generates 15 million jobs on both sides of the Atlantic.⁷

Nonetheless, incentives are low on each side of the Atlantic to revive TTIP negotiations. For the foreseeable future it seems unlikely that either side would change its negotiating position in a way that would make a TTIP-style agreement work. It is possible that transatlantic negotiations will be kept where they are now: in the deep freeze. This approach would simply recognize that for the foreseeable future the obstacles are too high, and the incentives too low, for either side of the Atlantic to invest much political capital in any major transatlantic economic initiative. Small single-issue deals might emerge, but nothing substantial. Given current inertia and mutual distractions on each side of the Atlantic, this is likely to be the default scenario for the relationship going forward. Yet in such a situation unresolved issues are likely to fester, leading to greater contention across the Atlantic and at the WTO, and diminishing the influence of both the United States and the EU with regard to greater global competition.

A withered transatlantic relationship, in turn, is likely to give greater space to other powers that do not necessarily share the same traditional commitments of the United States and the European Union to democratic principles, respect for the rule of law, and basic human rights. The growing normative assertiveness of rising powers will arguably test the EU's role as a leading normative entrepreneur more than that of the United States, because whereas multilateral engagement remains a choice for superpower America, it is a matter of essence for the EU, as it goes to the heart of the European project.

⁷ Daniel S. Hamilton and Joseph P. Quinlan, *The Transatlantic Economy 2017* (Washington, DC: Center for Transatlantic Relations, 2017).

