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CONFERENCE PROCEEDINGS

"Croatia in Contemporary Security Environment - Threats, Challenges and Responses"

Zagreb, 2015

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Foreword

Dear readers,

This publication represents a collection of proceedings from the conference *"Croatia in Contemporary Security Environment - Threats, Challenges and Responses"* held in Zagreb, in June 2015. The event itself represents a successful initiation of co-operation between the Institute for Development and International Relations and the Croatian Defence Academy's Centre for Defence and Strategic Studies.

The main outcome of the conference was creation of policy-relevant conclusions as well as their presentation to the general public. Namely, the conference coincided with the initiation of development of the new National Security Strategy and the National Military Strategy.

The published papers embrace the whole range of topics spanning from the strategic security horizon scan to the identification of the most significant threats, challenges and trends and their impact on the national security of Croatia.

Our wish has been, with publication of this issue, to produce a multidimensional substantial impact which should contribute to the development and dissemination of discussions on specific issues in Croatia, as well as in the EU, NATO and partners, among decision- and policy-makers. This would in turn serve to develop better national and Euro-Atlantic approaches to security issues and a good foundation for the upcoming key policy and strategy development in Croatia.

Sanja Tišma, PhD	**Lt Gen Slavko Barić, PhD**
Director of the Institute for Development and International Relations	Commandant of the Croatian Defence Academy "Dr. FranjoTuđman"

Introduction

The preservation of national security is one of the main tasks of the state. National security implies, in the first place, the preservation of vital national interests of Croatia, namely the territorial integrity and sovereignty, its citizens' lives, core values that are embodied in a democratic political system and material goods. The factors that shape Croatia's security environment and its ability to cope with challenges could be analyzed through three main determinants: (1) Croatia's geopolitical position, both in terms of NATO and EU membership, as well as the Croatia's status in the region, (2) The nature of security challenges and threats, and the institutional ability of Croatian state and society to maintain its national security functions, (3) The use and availability of resources.

Being a NATO and EU member gives Croatia an unprecedented strategic opportunity to protect its national interests. At the same time it makes Croatia exposed to all threats and challenges that both NATO and the EU face. That is the reason why any relevant analysis and discussion about Croatia's national security cannot be taken in isolation and seen only, for example, regionally.

The contemporary security environment of Croatia, in the broadest sense, is characterized by the return of geopolitics, an increased role of the new technologies, destabilization campaigns and narratives, primarily religious that are used for indoctrination and radicalization. The two most concrete contemporary security challenges are derived from: renewed state actors' rivalry and a dynamic instability created by the violent extremist organizations. The former challenge is accompanied by the use of strategy of hybrid warfare, seen during the Ukraine crisis, thoroughly used by Russia. The latter challenge is the result of an intervention in complex systems - in this context, the state and society, which produced unintended consequences. Events known as the "Arab Spring" and the revolt against autocratic rulers, for example, resulted in political disintegration in Iraq, Libya, Yemen and Syria, and the appearance of the far more radical political entities like the Islamic State of Iraq and Syria (ISIS).

Regional stability in SEE and good neighborly relations contribute to the stability of the North Atlantic area. They also allow a normal course of the economic and other sectors' development in Croatia. Croatia's entry into the Euro-Atlantic security structures is an opportunity to bring the positive outcomes to other partner countries in the region.

In such a complex security environment even the military and technological superiority of the Alliance cannot be guaranteed, and consequently the military dominance alone is not enough to solve the contemporary security challenges. What is needed is a new way of thinking and acting, on the national and the Alliance level, the one that includes organizational adaptability and flexibility, connectedness and mobility, visible solidarity, cooperation and synergy.

The economic crisis that struck the Western economies in 2008 caused the decrease of the NATO countries' defense budgets. The financial austerity as the consequence of that crisis highlighted a direct relation between national security and sustainability, especially its economic dimension. Stable and resilient economy, social cohesion and protected environment are the three pillars that must be met in order to ensure the power of the state and the Alliance to cope with changes in the security environment.

Contemporary European Security Environment - Emerging Trends and Perspectives: the Ukraine Conflict, Its Impact on Relations Between the West and Russia and the Consequences of the Conflict for Southeast Europe

Robert Barić

Honored guests, ladies and gentlemen,

It is a great honor to be the first presenter at today's conference. Currently the European Union is faced with three simultaneous security challenges, two external and one internal. The first external challenge is the crisis in Ukraine. This crisis is a culmination of a geopolitical clash of one regional power, the Russian Federation with one global power, the United States. Nobody expected such a forceful Russian reaction to recent events in Ukraine. As a result, conventional deterrence in Europe is resurrected. This crisis also represents a fundamental shift in relations between Russia and the West. Things will not be the same, no matter how this crisis ends. And the consequences for European security will be severe.

The second challenge is at the southern border of the EU. Four years ago it seemed that mass uprisings in the Arab states, called Arab spring, will start the transformation of ME states towards democracy and market reforms. Unfortunately, Arab spring became Arab winter - instead of stability, we now have a civil war in Syria, the rise of ISIL in Iraq and Syria, and the collapse of Libyan state. Not only that, but in Libya we now have Da'esh - radical islamistic movement as a local version of ISIL. At the same time we have a chain of crises in Sahel - Mali, Nigeria, CAR, former Sudan, Somalia and an unresolved conflict between Ethiopia and Eritrea. The result of these crises is a mass exodus of illegal migrants towards Europe at the Mediterranean Sea and via the Balkan land route, and a rising danger of terrorism and organized crime on the southern border of the EU.

The third challenge is inside the EU. Current crisis with Greece is a culmination of the financial crisis which started in 2008 and then transformed into a political crisis. This is not only economic crisis – what we have at stake now is the main achievement of the decade's long process of European integration - peace and stability on the European continent. Ironically, European integration process started after the Second World War as Western European integration aimed to achieve peace and stability. Economic prosperity which came later has been a by-product of this process. But now, economic problems are threatening to undermine the achieved security of the continent.

The crisis with Russia might not be the most challenging one for the EU at the moment. However, it can prove to be very harmful in the long term period, especially if it becomes directly intertwined with other mentioned security challenges to the EU.

The Crisis in Ukraine

Recent events in Ukraine represent, not only the most serious crisis in relations between Russia and the West after the end of the Cold War, but also a big change in relations between the two sides. In due time, we can expect a de-escalation of the crisis and adoption of compromise regarding the future status of Ukraine. But return to the pre-crisis state of relations between both sides is not possible. Now, we are looking at the radical change in Russia-West relationship similar to the shift which occurred between 1989 and 1991.

The roots of the crisis are not in the events which occurred in Ukraine during the last eleven years (Orange Revolution in 2004 and its reversal in 2009-2010, refusal of ex-president Victor Yanukovich to sign the Association Agreement with the European Union on 21 November 2013, February 2014 revolution and the overthrow of Yanukovich regime). The main causes of the crisis are tensions between Russia and the West which started at the moment of dissolution of USSR and culminated in the Ukrainian crisis of 2014.

From the start both sides had opposing views regarding their relationship, and this is visible in the ups and downs in the EU - Russia relationship during the last two decades. The main goal of the EU has been to establish a close relationship with Russia on the basis of common values shared by Union members. In Bruxelles the partnership with Moscow is perceived as one of the means for stabilizing European periphery and achieving Russia's adjustment to the post-Cold War political and economic order in Europe. Unfortunately, Russia had different ideas about the basis for their mutual relationship from the beginning. Moscow looked for a much narrower scope of cooperation based on a definition of common interests and their realization. The goal of such cooperation would be the development of mutually beneficial economic ties, stronger Russian influence in the Union and preservation of Russian sovereignty.

The difference between both sides has been visible during the 12th EU-Russia Summit in Rome in November 2003. Noticeable distinction between EU's concept of common values and Russia's concept of common interests indicated Russia's unwillingness to accept the Union's interference in her internal affairs. From the Western viewpoint Moscow's refusal to accept EU core values as a basis for internal development and partnership with the Union puts into question the possibility of establishing long term political and economic ties between both sides.

Different perceptions are also visible in their opposing concepts of political, economic and security design of Eurasian space. European

Union concept of Wider Europe presumes the existence of one central integration node which defines, directs and manages political and economic changes from center to periphery. Russian idea of Greater Europe promotes development of cooperation in the Eurasian space based on equal relationship and collaboration between several centers of power instead of one integration hub which establishes and dictates integration policies.

Russian concept of Greater Europe has been established during the Perestroika era, and represented expectations of Russian elites at the beginning of 1990s regarding post-Cold War integration with the West. Russia expected that it would be integrated as a full-fledged member of the Western community with instant accession in Western associations (NATO, EU, WTO). The West had a different perspective of mutual relationship. The end of the Cold War in the West has been perceived as an opportunity to ensure that Russia would never re-emerge as a great Eurasian hegemon. In that context, Russian integration with the West would have been possible only if Moscow would have accepted Western values, interests and rules as her own. Moscow's unwillingness to do that resulted in Russian isolation from the European political and economic integration processes (EU and NATO expansion) during last two decades.

As a result of those events there is now a strong belief in Russia that during the 1990s, the West deliberately rejected the opportunity to integrate Russia. Instead of offering help, it sought to exploit Russia's weakness. In Russian perception the West is trying to force Russia to accept western values and goals as their own, and to disregard Russian national interests. Expansion of Western institutions (NATO, EU) in the Former Soviet Union area is percieved as an invasion of the Russian sphere of influence.

The Ukrainian crisis has been a culmination of the geopolitical context which started at the moment of Soviet Union's dissolution. The crisis also showed disillusionment on both sides. For the West it was seen as another opportunity to prevent the spreading of Russian influence in the former Soviet periphery and to pull few countries (Ukraine, Belarus, Moldova, Georgia and Armenia) under its umbrella. For Russia it was a critical moment to reverse her geopolitical retreat that started in 1991 and resulted in NATO and EU enlargement to central and Southeast Europe and direct Western interventions in the Balkans and Middle East. To achieve this goal Moscow needs to maintain a buffer zone between her and NATO/EU states.

The Importance of Ukraine

For Russia, Ukraine is the key point in her struggle with the West. In Russian perception, the EU's attempts to integrate Ukraine are a direct threat to Russian national security. It is unusual to put the military factor ahead of economic considerations, but such behavior is a consequence of Russian history. Russian grand strategy during last 800 years has been clear: territorial expansion to achieve defensible borders and strategic depth of the empire. This puts military considerations first even today.

Ukraine is central for the defense of Russia. Without her Russia does not have strategic depth, and cannot organize defense in depth (in three invasions of Russia - 1812, 1914 and 1941 - strategic depth of Russian territory enabled the defender to trade space for time and exhaust its opponent, and then in later stages of war rout worn out enemy forces by a series of counteroffensives). If Ukraine were controlled or influenced by a foreign power, not only would the center of Russian state be threatened but there would also be a possibility of cutting off Russian access to the Caucasus. Foreign control of Ukrainian two ports (Odessa and Sevastopol) would undermine Russian influence in the Black Sea region and cut off her access to the Mediterranean. For current Russian ruler Vladimir Putin there is an additional reason for concern - successful implementation of political change in Ukraine could be a stimulus for the Western backed attempts of regime change in other countries in the region (Belarus), and later even in Russia. The Orange Revolution in Ukraine in 2004 was a breaking point in Russian relations with the West. This event created an open geopolitical conflict between both sides which culminated in 2014.

The first attempt made by the West of fostering change in Ukraine has been unsuccessful. Victor Janukovich's triumph in Ukraine's presidential elections in January 2010 marked the end of the Orange Revolution. It was also a victory for Moscow. Russian post-Cold War strategy towards Ukraine has been indirect control. Russia does not have any interest in governing or annexing Ukraine. This means that Ukraine can be sovereign, except in the areas of strategic importance to Russia. Ukrainians are free to choose the form of political and economic development unless their choice threatens Russian national interests.

Ironically, the consequence of this Russian strategy has been the overthrow of the Janukovich regime in February 2014. Political repression and economic decay during the Janukovich presidency between 2010 and 2014 were even worse than the situation in Russia during Yeltsin presidency in 1990's. State apparatus disintegrated, corruption and oligarch wars destroyed Ukraine's economy, and Ukraine's politics became repression against opposition in which physical coercion was applied. Ukrainian economy continued to decline. For example, in 2012 Ukraine exported $63.3 billion worth of goods. Slovakia, with a population of only 5,4 million, exported $88.3 billion worth of goods. Ukraine also experienced a population decline, from 54 million in 1991 to 44 million today; one in three citizens is living below the poverty line. Vladimir Putin did nothing to influence events in Ukraine. Russian inactivity (obviously Moscow expected that Yanukovich will stay in power or that it will find new partners within Ukrainian oligarchs) and drastic deterioration of situation in Ukraine culminated at the end of 2013 when Janukovich, under Russian pressure, refused to sign the Association Agreement with the EU. That was a trigger which caused revolt against Janukovich and the overthrow of his regime in February 2014. The uprising in which the European Union and Germany supported regime's opponents was soon followed by the formation of a pro-Western government in Kiev.

Russian Reaction and Its Consequences

Russian reaction was swift and decisive. Annexation of Crimea, backing of a pro-Russia insurgency in eastern Ukraine and then a direct Russian military support to insurgents in summer 2014 clearly showed Moscow's intention to reclaim its influence in Ukraine, or at least achieve neutralization of Ukraine. The other goal of Russian moves has been to reassert Russia's position and to contain EU's influence in her backyard.

We can discuss the validity of Russian claims about Western policy towards Russia after the end of Cold War, or theorize about Western misjudgments of Russian interests and goals. But the means Putin chose to push back Western influence in Ukraine are completely unacceptable and dangerous for European security. Not only are those steps contrary to international law, but they are creating serious consequences for European security:

1. Uncertain future of the Helsinki Final Act. The Helsinki Final Act, adopted in 1975, is one of the cornerstones of European security architecture. The Act affirmed the fundamental principles of respect for national sovereignty, territorial integrity, the inviolability of borders and non-intervention in internal affairs of participating states. Russian actions violated the obligations it agreed to by accepting the provisions of the Act. Future consequences of Russian action could be severe. The annexation of Crimea also violated security guarantees and opened a possibility for reawakening of inter-state conflicts in Europe.

2. Possibility for military escalation. If relations between Russia and the West continue to deteriorate, the result could be a direct military confrontation between Russia and NATO. One of the possible scenarios for military escalation would be Russian limited military intervention in the Baltic states, using as a pretext the need to protect the Russian minority. In that case, NATO would need to

react or it would lose its credibility. If Russian conventional A2/AD (Anti-Access/Access Denial) military capabilities are not sufficient to prevent NATO reinforcements from reaching Baltic states it is possible that Moscow will escalate the conflict on the tactical nuclear level. Russian military doctrine allows for such military escalation if Russia is faced with a large-scale conventional attack that exceeds its conventional capacity for defense.

3. Consequences for the EU. In Russian perception the EU now represents the same geopolitical threat as NATO. Border areas between the EU and Russia are now, and will be for the foreseeable future, a contested neighborhood in which both sides are in competition with each other.

The Ukrainian crisis represents a fundamental shift in relations between Russia and the West. New strategy towards the West, indicated in Putin's speech in Russian parliament in November 2014, is the termination of Russian policy of integration with Europe and the West. In response to the Western economic sanctions imposed on Russia in 2014, Russian government took a series of protective measures aimed at reducing economic dependence on the West. Instead, Putin's goal is the development of Russian internal market by encouraging domestic production and technological research. Putin will not stop all economic ties with the EU; the goal is to reduce Russia's economic vulnerability, not to break all connections with the West. That will lead to a more balanced relationship with United States and the European Union. This reorientation also requires regional integration with post-Soviet countries in Eurasia and an economic reorientation to Asia.

The most probable outcome of the Ukrainian crisis is a long-term "frozen conflict" in Ukraine. That also means that Russia is again an adversary and not a partner to the West. Area of competition between both sides will not be limited to the borderland space between Russia and the EU. Other areas of competition will be Middle East and Southeast Europe.

Russia and the Southeast Europe

Russian confrontations with the West over the fate of Ukraine have raised questions regarding Moscow's intentions in Southeast Europe (SEE). This region has been an area of strategic significance to Russia for centuries.

Russian goal in SEE after 1991 has been to renew and increase its presence using energy and financial support in competition with the European Union for influence in the region. The overarching goal was not to roll back NATO and EU enlargement in the region. Instead, Moscow sought ways to build influence in countries that are members of NATO and the EU or candidates for membership. Targets of such Russian strategy were Bulgaria, Serbia, Bosnia and Herzegovina and Montenegro. Up to now Russian activities never challenged the EU's perspective for SEE states. One of the consequences of the Ukraine crisis is a change of Russian policy - stronger pressure on SEE candidate states is now directed towards preventing their membership in the EU, or if they became members, to influence EU to adopt pro-Russian decisions. New Russian strategy already raised concerns in the EU. The new EU High Representative for Foreign Affairs and Security Policy Federica Mogherini in December 2014 warned that Russia should keep the Western Balkans out of the Ukraine crisis and not work against the EU in the region. Similar warning was also given by the German Chancellor Angela Merkel.

Russia's predominant position in the energy sector is crucial for maintaining its influence in SEE. Few countries in the region (Bulgaria, Serbia, BiH, Macedonia) are dependent on the import of natural gas from Russia. The proposed construction of the South Stream natural gas pipeline (from Russia to Bulgaria and Hungary) should have strengthened Russian dominant position on SEE energy market and political leverage in the region. As part of the project, Russia offered Bulgaria, Serbia and Hungary investments and transit revenues in exchange for their support for the South Stream project. Unfortunately for Moscow this project was terminated at the end of 2014 as a result of the pressure from the European Commission. That is a serious setback for Russian relations with some of the SEE states which spent significant political capital defying the EU in support for the South Stream.

To retain a dominant position in the SEE energy market Russia is at the moment focusing its attention to Turkey and Greece. As a replacement for the South Stream project, Russia and Turkey signed an agreement to build the Turkish Stream, pipeline intended to supply Southeast Europe with natural gas from Russia bypassing Ukraine. The new pipeline, together with the proposed Nord Stream II on the Baltic Sea, will give Moscow more flexibility in supplying Europe.

In June 2015 Russia and Greece signed an agreement for Greek participation in the Turkish Stream pipeline. The Greek extension of the pipeline is opening the possibility of Russian control over Greek energy infrastructure. This means that Russia could severely degrade prospects of some other proposed pipeline projects necessary for achieving European energy independence. After a de facto cancelation of the Nabucco pipeline project in 2013 the EU is planning a few possible new projects such as Trans-Anatolian, Trans-Adriatic and Trans-Caspian pipelines. The Trans-Adriatic Pipeline is intended to carry Azerbaijani natural gas into southern Italy via Greece bypassing Russia. But, without Greek cooperation this project (and other pipeline projects) is doomed. If Gazprom buys Greek state-owned gas firm Depa (first attempt in 2013 was foiled by the European Commission), Russia will have the means to eliminate the Trans-Adriatic Pipeline and to retain strong influence on the EU energy market.

All those activities are pointing to the conclusion that Moscow intends to preserve energy leverage over the SEE countries. But energy is not the only instrument available for spreading Moscow's influence. Russia's policy of securing generous loans to the countries in the region is an attempt to gain economic and geopolitical influence. Up to now Russia has been pretty successful in that regard. Russian economic presence is concentrated in Hungary, Bulgaria, Serbia, BiH (Republika Srpska) and Montenegro.

The key question is - how does Russia intend to use its influence in the SEE? In wake of the Ukrainian crisis, the logical scenario would be to increase the pressure on the EU beyond the territory of the former Soviet Union. The Southeast European states are fragile - politically unstable, with internal disputes, vulnerable financial and banking sectors and weak economies.

For Russia this is an ideal situation for triggering a controlled crisis in one or more states in the region. For example, companies with large financial deposits and Russian connections can pull their money out of a country. The result could be sudden widespread insolvency which could lead to social unrest. In such possible scenario Russian goal would be to force many European governments to turn their eyes away from Ukraine and other borderland areas to new problems in SEE.

An additional problem for the EU is its enlargement fatigue and the continuation of economic (and now political) crisis within Europe. Union's decision to freeze any possibility of enlargement for the next five years is challenging EU's capacity to fulfill its promises toward the countries aspiring to join the Union. In those conditions it is questionable whether EU members would be capable to find a common position in response to the crisis.

The worst consequence for SEE would be additional weakening of already fragile governance structures in the countries of the region and undermining of the stability and security in the region. Continuing turmoil in SEE would open doors for stronger Russian influence. In case of major destabilization of the region, a possible Russian strategy in SEE could be to take advantage of this situation and replace the EU's unfulfilled promises with concrete and immediate help. However, Russia's own serious economic situation could limit the extent of its capacity for action.

In conclusion, if relations between Russia and the West continue to deteriorate, Southeast Europe may become another proxy battleground between Russia and the EU. For the countries of the region this new battle will only further adversely affect the existing political, economic and social problems and exacerbate their weak governance structures.

ROBERT BARIĆ (rb.baric@gmail.com) is a lecturer at the War College of the Croatian Armed Forces and member of the Croatian Military Representation to NATO and the EU. He was advisor for analytics in the Cabinet of the Croatian Defence Minister and holds a military rank of major. His areas of interest include issues connected with Euro-Asian security problems, primarily Balkan security problems, development of EU defence capabilities, Russian national security issues, consequences of NATO enlargement for the future European security architecture, and military transformation issues. Dr. Barić published numerous papers and articles about national security policies and systems of different countries, military affairs (military transformation), European security issues (NATO, transatlantic relations, security sector reform). He holds a Ph.D. degree in international security from the Faculty of Political Science, University of Zagreb.

NATO´s Burden Sharing: Challenges and Opportunities

Valbona Zeneli[1]

For nearly seven decades the transatlantic relationship has mainly been expressed through a strong and successful defense and security cooperation under the umbrella of the North Atlantic Treaty Organization (NATO). The goals and objectives of NATO have changed over time, as both sides of the Atlantic have been confronted with a multitude of new foreign policy challenges. The aggregate NATO spending has also increased over time; hence the United States has always been and remains the main bearer of defense spending burden of the Alliance. In the last years the pressure for NATO members in Europe to take more responsibilities inside the Alliance has increased. Issues such as persistent budgetary pressures and austerity measures in the European Union, new threats falling to the European portfolio, the US rebalancing policy toward Asia Pacific, and the defense shrinking budgets are part of the burden sharing debate. The answer for strengthening the glue of the transatlantic cooperation could be the currently negotiated Transatlantic Trade and Investment Partnership (TTIP), which could turn out to be the second most important bulwark of the transatlantic unity after NATO. TTIP, a geopolitical alignment, is the perfect initiative to stimulate the transatlantic economies, leverage human talent and innovation, foster economic growth. This pact could provide new financial means to the Alliance, uniting countries with shared values to cooperate in their mutual defense, becoming the new "Economic NATO".

KEY WORDS:

NATO, burden sharing, smart defense, Transatlantic Trade and Investment Partnership, security cooperation

1 The views presented are those of the author and do not necessarily represent the views of Department of Defense, and of the U.S. or German governments.

Introduction

For almost seven decades, transatlantic relations have been preserved through a complex and multifaceted network of different institutional connections. Hence, the most important aspect of this relationship has been measured and expressed in terms of defence and security, under the umbrella of the North Atlantic Treaty Organization (NATO).

NATO has always been seen as the main institution for security and defence in Europe. Since its creation in 1949, by the United States (U.S.), Canada, and ten other Western European states, this organization had been trusted as the main security provider. The Alliance created and strengthened the bonds of transatlantic solidarity, and generated the sense of shared identity of the West. NATO is seen since its first days as a community of democracies, founded on common values as well as interests.

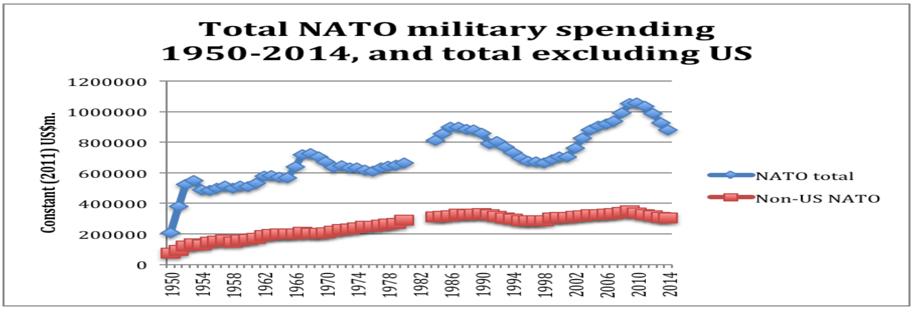
NATO continues to be seen as the essential organization for defence and security on both sides of the Atlantic, for 61 percent of Europeans and 58 percent of Americans, according to the Transatlantic Trends findings in 2014 (GMF 2014). Recently, there has been a great rise in support for NATO in Eastern Europe, in countries such as Poland with an increase of 15 percentage points compared to 2013, reaching a 62 percent consideration of NATO as essential for the security of their country. The only outlier from this general trend in Europe is Greece, where a slight majority of 52 percent of respondents described NATO as no longer essential.

During the Cold War era, there was one main goal for NATO: the defence of Western Europe from the Soviet Union (Dempsey, 2014). After the fall of communism and the dissolution of the Soviet Union, the goals and objectives for NATO have changed. They have multiplied. However, some legacies from the Cold War era still remain. The most significant one is the imbalance of burden sharing. Europeans have usually pondered on spending the public money without focusing much on military issues, contributing much less significantly to NATO compared to the US (NATO et al. 2012). The problem of disbalanced proportions in term of military spending in NATO between US and Europe is not new, but it has been augmented by the military spending cuts in Europe in recent years.

Over the last years, both sides of the Atlantic have been confronted with a multitude of new foreign policy challenges; the global economic slowdown, the euro zone financial issues, bloody wars and civil strife in the Middle East and North Africa, the worsening conflict in Ukraine, Russia´s seizure of Crimea, massive migration towards Western Europe.

The US has always been the main major bearer of defence spending burden of the Alliance. Europe requested security assurance from the U.S. in the beginning of the 1950s, and this looks to be the case also to this very day. Table 1 shows the total military spending since 1950, and evidences the large gap between U.S. and European in terms of NATO burden sharing.

Table 1: Total NATO military spending



Source: SIPRI, Data for NATO Members from 1945 to 2014, accessed July 2015

The European countries are still not prepared or willing to reduce their security dependence on the United States. Even during the last twenty years, after the collapse of the Soviet Union, the Europeans believe that the United States would always be in the lead on NATO and fill the other member´s capability gaps. More precisely, 67 percent of the Europeans hold a very favourable view of the U.S. In fact, 56 percent of Europeans desire that the U.S. exert an even stronger leadership in world affairs (GMF 2014).

Burden Sharing Concept: An Old Debate, a New Perspective

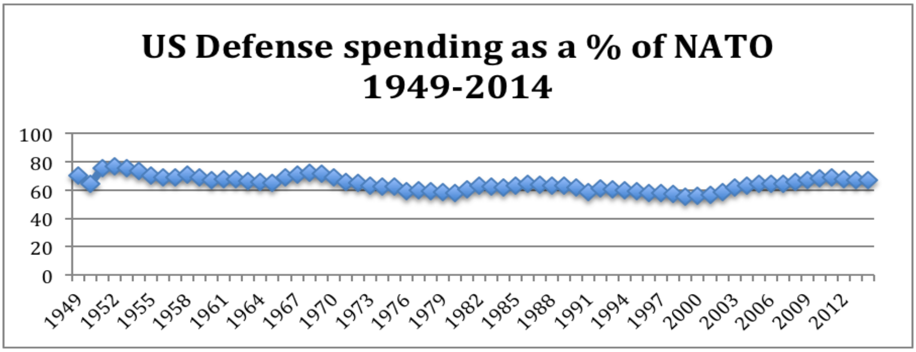
The NATO burden sharing debate is a 66 years old one. It is a history of retrenchment and renewal with respect to the U.S. central leadership role in NATO, argues Darrel Driver, in his paper "Burden Sharing and the Future of NATO: Wandering between two worlds"(Driver 2015). He argues in his analysis that in the few cases of U.S. retrenchment from the world, the pressure on Europe to do more, usually increased. During times of increased ambitions in foreign policy, the U.S. would turn to its traditional leadership role in NATO.

When considered in total, the aggregate NATO spending has increased over time, and all member countries have contributed significantly. The U.S. has undergone major increases of defence spending in terms of its GDP. Accession of new countries in NATO, such as Turkey and Greece, has impacted the budget increase, but also similar increases in defence spending in Western European countries, such as Great Britain, or France. The largest total military spending in NATO´s history was registered in 2010, including any point during the Cold War.

It was in 1951 when for the first time, NATO embarked on a debate to determine what each Ally could/should contribute to the collective defence for the Alliance.

NATO´s defence spending burden has belonged mainly to the U.S. Table 2 shows the US defence spending as a percentage of total NATO spending over the years, from 1949-2014 (SIPRI 2015; Davidson 2014). As evidenced, the most disproportionate balance of burden sharing in NATO´s history was registered in 1952, when the U.S. constituted 76.78 percent of the Alliance´s total. The lowest percentage for the U.S. was registered in 1999, when NATO military spending was for the first (and only) time closest to parity, when the U.S. constituted only 55 percent of total defence expenditures. It is argued that the almost "equal" burden sharing was likely due to the long-term commitment of NATO for the stability and security of the Balkans. In the stability missions in the Balkans from 1996 to 2004, the US played an important role, but these missions also comprised a good majority of European NATO-led Stability Force, heralding a deeper security cooperation between NATO and the European Union (NATO 2005).

Table 2: US Defence spending as a percentage of NATO defence spending



Source: SIPRI, Data for NATO Members from 1945 to 2014, accessed July 2015

The first wave of discussions on burden sharing inside NATO opened up in 1953 when President Eisenhower took office, and Europe was invited to increase its contribution in defence spending. This pressure towards Europe to do more came exactly the year after the US had registered the largest percentage of burden of NATO´s defence expenditure. This was considered as the first call for Europeans to assume more responsibilities, and a greater share of NATO´s defence burden, since the "American well had run dry" (Ambrose 1991: 36). In reality, the American well did not run dry. On the contrary, the U.S. defence spending as a percentage of its GDP rose. Similarly, NATO´s defence spending continued to be led by the U.S. although in lower percentages. As a result, European NATO countries also increased their defence spending and military contribution to the Alliance.

The second wave of the burden sharing pressure traces back in the 1980s through the Reagan´s administration, bringing some short-term results (Alcaro and Lucarelli 2012). In fact, already few years before the second wave of American retrenchment, in 1977, NATO Allies had agreed to increase the defence spending to 3 percent of the GDP per year. Few European Allies met this target and maintained to the agreed goal for few years; such as U.S. Belgium, France, Greece, Netherlands, Norway, Portugal, Turkey and the UK (Fiscarelli 1990). As shown in Table 1, the1980s the U.S. share of the total Alliance defence burden was up to 63 percent of the budget (Davidson 2014). By 1989, this share remained at above 62 percent.

At the beginning of the 1990s, the 3 percent guideline for defence budget was dropped to 2 percent. After the fall of the Soviet Union, there was less emphasis on defence spending and military capabilities, as all allies looked to "reap benefits of a greatly improved climate in the West-East relations" (Wörner 1990). In fact, the most equal burden sharing was registered in 1999, when the U.S. share of NATO´s defence spending was at 55 percent.

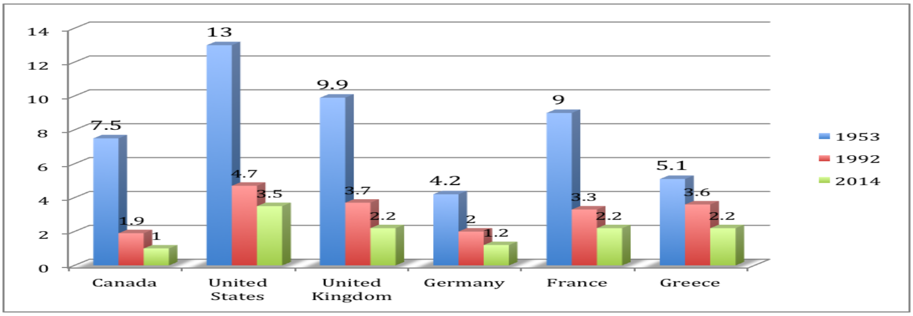
The most recent wave of burden sharing pressure started in 2011, when former Secretary of Defence Robert Gates in his last major speech as Secretary of Defence, blasted NATO members for not carrying their weight within the Alliance, arguing that "The United States won't carry the alliance as a charity case". As rarely stated so directly by any powerful American politician, he went further in questioning the relevance and viability of NATO in the future "as dim if not dismal", under those circumstances on disproportionate burden sharing (Gates 2011). This was like a "wake up" call, after some of steady declining defence budgets of the European countries, since most of them went through difficult times, and had to introduce tough austerity measures.

This logic of burden sharing necessity was reiterated further by various U.S. politicians, and was very high on the agenda of the Wales Summit (NATO 2014). In this meeting, the heads of state and government agreed to reverse the trend of declining defence budgets, to make the most effective use of their funds, and to work towards a more balanced burden sharing of costs and responsibilities. Allies, whose current defence spending is below the 2 percent target agreed to halt any decline in defence expenditure, aim to increase it in real GDP terms, and aim to move toward to 2 percent guideline within a decade.

The situation is suggestive that the U.S. is waiting for Europe to chime in and take more responsibilities in NATO.

In fact over the last twenty years, the defence spending as a percentage of the GDP has declined over time for NATO countries, as shown in Table 3. Six countries are taken in consideration as the biggest defence spending countries, in nominal terms. This percentage for the U.S. declined from13 percent of the GDP in 1953 to 3.5 percent in 2014. For France, the percentage declined from 7.5 percent in 1953 to only 1 percent in 2014. Despite this, a very important fact that needs to be considered is that GDPs for all these countries have increased significantly.

Table 3: Defence spending as a percentage of the GDP for the six biggest defence spenders over time (1953, 1992, and 2014)



Source: SIPRI, Data for NATO Members from 1945 to 2014, accessed July 2015

NATO´s Two Percent Guideline

Spending 2 percent of the GDP on defence, a decade old guideline, was reinforced during the NATO Summit in Wales, to which the Heads of State and Government recommitted again. Despite their commitment, according to the Stockholm International Peace Research Institute database, in 2014, out of 28 NATO member countries, only a handful meet the criteria of two percent of the GDP dedicated to defence spending (U.S. 3.5 percent; France 2.2 percent; Turkey 2.2 percent; UK 2.2 percent; Greece 2.2 percent; and Estonia 2 percent). Six countries spend one percent of their GDP on defence (Canada, Albania, Belgium, Czech Republic, Slovakia, and Slovenia). The majority of Allies, precisely, ten of them spend between one and two percent. And another handful spends less than one percent (Hungary, Luxemburg, Lithuania, Latvia, and Spain)(SIPRI 2015). In nominal terms, the three biggest defence spenders in Europe are: France with over $63 billion in spending, the UK with $54 billion, and Germany with $48 billion.

The two percent guideline is aspirational and a nonbinding goal. Some countries have resisted this guideline, arguing against this commitment, and defending their position through various reasons.

First, Germany is one of the countries that have resisted this guideline, arguing that the two percent of GDP toward defence is an input and does not take into accounts outputs - what you are able to get by that investment in terms in defence capabilities. It depends how the defence budget is spent, and what percentage goes to new investment and operational maintenance. Unfortunately, in most NATO European members more than 60 percent goes to salaries.

Second, the 2 percent depends on the GDP of the country, based on country´s wealth, and its military capabilities. Let take an example. Three NATO members, Albania, Czech Republic, and Canada all of them spend one percent of their country´s GDP on defence. If you evaluate it in terms of real spending for military capabilities, this would translate respectively into $133 million of a yearly defence budget in Albania, more than $2 billion in Czech Republic, and more than $18 billion in Canada.

From this perspective, wealthy countries that spend large amounts of dollars on defence could still be under criticism for not achieving the two percent goal.

Third, the 2 percent depends on GDP growth rates. Countries could make significant strides to keep to the guideline, but if the GDP contracts, so will the defence spending, and military capabilities available to NATO. A good example is Greece, which is keeping up with the 2 percent, actually exceeding it, but at the same time the Greek economy has shrunk to a larger percentage in the last five years.

"Smart Defence" or "Pooling and Sharing"- Two Alternate Labels for an Old Idea

Another issue is strongly related with the burden-sharing topic: the smart defence. The need for more "smart defence" has been expressed regularly over time by the political leaders; often time suggesting the development of "pooling and sharing" to eliminate the persistent gap within the Alliance, between requirements and capabilities. "Smart defence" and "pooling and sharing" are two alternate labels for an old idea.

Justifiably, in the current age of severe financial austerity there can be no doubt that a concept like smart defence gains a renewed political attractiveness and value, in both sides of the Atlantic. After all, NATO´s rationale itself stems from the belief in the attraction and payoffs of pooling and sharing initiatives.

Smart Defence has been on "to-do list" of all NATO summits, since the Lisbon Summit in 2010, where NATO leadership laid out the vision of the Alliance for the decade to come as "NATO will be more agile, more capable and more cost-effective, and it will continue to serve as an essential instrument for peace (NATO 2012 a).

The former Secretary General of NATO Rasmussen adopted the concept of smart defence as one of the main objectives of his mandate. According to him, Smart Defence was extremely important, "since there seems no hope for increasing defence expenditures, existing budgets, need to be spent in smarter ways". In his speech at the Munich Security Conference in 2011 he defined smart defence as an approach of "ensuring greater security, for less money, by working together and cooperating with each other with more flexibility", and "smart defence also means multinational cooperation. Nations should work in small clusters to combine their resources and build capacities that can benefit the Alliance as a whole" (NATO 2012 b). Mainly the aim of smart defence is to "pool and share" resources and experience.

Henius and McDonald (2012) define Smart Defence, in their work "Smart Defence: A critical Appraisal", as a concept of three interrelated features:

- Pooling and sharing military goods and best practices
- Identifying a common set of security priorities through which overall coherence should be maintained.
- Establishing the strategic synergies between NATO and other institutions, mainly the European Union.

Pooling and Sharing is mainly an EU concept, and describes various forms of defence cooperation. It refers to initiatives and projects of NATO member states to increase collaboration on military capabilities. Pooling and sharing is a necessary pillar to save future European defence.

According to the European Defence Agency, the pooling of capabilities occurs when several countries decide to use capabilities on a collective basis, which could be nationally owned or procured multi-nationally. In this case capabilities merge, and national power of disposition stays national, where all member states have accession on their assets. In these cases, usually a special multinational structure is set up to pool all contributions and coordinate them. The European Air Transport Command is such an example.

Sharing is when some countries relinquish some military capabilities with the assumption or the guarantee that other countries will make them available when necessary; it is more of reliance at the capabilities of other nations (EDA 2013). In this case one or more countries provide their partners with capacity or equipment, allowing the partners to cut that particular capability, and save on costs. A good example is the airspace defence in the Baltic, where NATO states take turns to police the airspace in the region, allowing the three countries to save the costs of having their own air policing.

There are around hundred projects of smart defence in existence; 20 percent involve bilateral cooperation; 60 percent involve five or fewer partners (Möllig 2012). The most important initiatives are the Franco-British Defence Treaties, the cooperation between the Visegrád states (the Visegrád Four), the Weimar Triangle (Germany, France and Poland) and the Ghent Initiative.

NATO Allies all support "pooling and sharing", at least in theory. Unfortunately, when it comes to its implementation, smart defence tends to collide some harsh political realities (Kamp 2012).

The implementation has had limited results for several reasons. As Judy Dempsey (2014) argues in her paper "Why defence matters: a new narrative for NATO", there are many reasons why European NATO countries do not like burden sharing.

The first reason is the impact that Pooling and Sharing would have on the defence industries of European countries, which has a yearly turnover of over $131 billion, and employs directly more than 400,000 people. The leading countries in these industries in Europe are Germany, Great Britain, and France. The main focus would be the fear of the loss of jobs, or their relocation elsewhere. It is clear that defence collaboration at European level would mean a stronger specialization, perhaps it would mean closing some defence companies and merging others. The political and electoral aspect is very important for the significance of national industries in these countries.

The second reason concerns the fear of loss of national strategic skills and capabilities, in terms of loss of the national competitive advantage, especially, when it comes to innovation, and research and development (R&D). Although stronger collaboration would increase quality, and decrease costs, allowing the European defence sector to increase competitiveness globally. Nationally, it would challenge the protection of individual markets. Specialization would mean that a country would give up certain capabilities and concentrate only on a few of them. Many European states refuse to do so as they are afraid of mutual dependence.

The third reason is the fear that defence collaboration, especially when procurement is considered, will add complexity and additional costs, and would produce delays.

Last, but not least, NATO countries would not be ready to get rid of certain military components if they are not absolutely sure that their allies would support in case of need. Where there is greater cooperation, all partners fear three “multilateralism traps”: being left alone in an operation because a partner withdraws its troops; not being able to engage in an operation, as a partner with important capabilities is not participating; and giving others, who do not make any contributions of their own to security, the opportunity to act as free rider (Möllig 2012).

According to the third point of the Chicago Summit Declaration, “At the time of complex security challenges and financial difficulties, it is more important than ever to make the best use of our resources and to continue to adapt our forces and structures. We remain committed to our common values, and are determined to ensure NATO’s ability to meet any challenges to our shared security” (NATO 2012 a).

Pooling and Sharing can help to provide solutions if states are willing to rethink the precedence of political sovereignty over military effectiveness and economic efficiency. Germany has been a leading advocate of the Pooling and Sharing initiatives for cooperative capability development and fought for more expansive multinational capability.

Burden Sharing of Costs and Responsibilities: Will It Work this Time?

The geopolitical environment has changed. New threats and challenges are giving rise to global anxieties about security. As presented in the U.S. National Security Strategy 2015, the United States and its partners are threatened by new escalating challenges such as violent extremism and evolving terrorist threats, challenges to cyber security, aggression by Russia, the accelerating impacts of climate change, the spread of nuclear weapons, energy security, and the outbreak of infectious diseases throughout the world (The White House 2015).

For the European Union, the most pressing challenges that were also emphasized in the State of the Union address in September 2015 by the President of the European Commission Juncker are, in order of priority: the refugee crisis, where the vast majority is fleeing from war in Syria, terror of the Islamic State in Libya or dictatorship in Eritrea; the Euro area financial crisis and recession of the European economy; the crisis in Ukraine, and security of the Eastern Member states, notably the Baltics; and the climate change (European Commission 2015).

Considering the changed geopolitical security environment and the U.S. foreign policy priorities towards Asia, will NATO European members take more responsibilities in the Alliance? As a matter of fact, the pressure for Europe to do more has been increasing. On the one hand NATO members in Europe are facing persistent budgetary pressures; on the other hand, more threats are falling into their portfolio; new challenges such as Russian aggression, massive migration from North Africa and the Middle East, and the emerging threat of foreign fighters.

Will Smart Defence work in the future? Rasmussen in his Foreign Affairs´ article "NATO after Libya", raises this question, considering the limited tangible results and failed attempts in the past to reduce the gap between requirements and capabilities in the Alliance (Rasmusen 2011). The current situation, in which the transatlantic relationship is shifting its balance, is suggestive that the U.S. will be waiting for Europe to chime in and take more responsibilities inside NATO. There are few arguments in favour of the need for Europe to increase its significance in NATO's burden sharing argument.

First, the geopolitical and economic circumstances are not those of nearly seven decades ago, when the U.S. was willing to offer a large military commitment in Europe. In early 1950s the geopolitical environment had caused a large U.S. military commitment to Europe, and the old continent required massive influx of aid for its recovery. NATO was one of the main providers of collective security, and together with the European Recovery program (Marshall Plan) not only facilitated European economic integration, but also promoted the idea of shared interests and cooperation between countries. Today, Europe is wealthier, more integrated and very capable militarily. The EU is the major world trading power, and its economy measured in terms of goods and services it produces (GDP), in 2014 was bigger than the U.S.'s, with almost 14 trillion Euros[2]. Despite significant defence spending cuts in Europe, NATO - Europe defence spending was $270 billion in 2014 (Lekić 2014; Berteau 2015).

Europe is the largest trading block in the world, and as a consequence, it depends on global security systems. NATO members have economic and trade interests all over the world. What is missing, specifically in Europe, is how to protect those interests in case of major crises. According to a European Parliament report, Europe has the responsibility to maintain those global security systems (Ballester 2013).

Second, the US is shifting its balance further East, towards Asia Pacific and Indian Oceans. The U.S. National Security Strategy 2015 (The White House 2015) reinforces the rebalance to Asia and Pacific in order to yield deeper ties with diverse set of Allies and partners. The Asia Pacific region represents 40 percent of the global trade, and a successfully negotiated Trans-Pacific Partnership will generate new opportunities for economic growth. The 2016 defence budget proposal follows this logic, setting the rebalance to Asia as a number one priority

2 See more in European Union 2015.

(Department of Defense 2015). This means that Europe needs to take increasing responsibility for potential security issue emerging in its own neighbourhood.

Third, Europe needs to play an even bigger role in facing challenges that affect it more directly than the U.S. Recent challenges, such as Russian aggression, foreign fighters, migration from North Africa and Middle East fall more into the portfolio of European states. The Ukraine crisis and the annexation of Crimea from Russia, shattered a belief inside NATO that since the collapse of the Soviet Union in 1991, the Alliance faced no real security threats from the East (Demsey 2014).

Fourth, the main focus of smart defence is on NATO´s European members and their shrinking budgets, or what has been called "Great Depression" (Heisbourg et al. 2012). Europe's governments are plundering their defence coffers to stave off the worst economic and financial crisis for the European Union. In the current age of financial austerity there can be no doubt that a concept like smart defence has gained renewed political attractiveness and value. The Ukraine crisis ought to have given a boost to European defence collaboration. Since no European country has the money to act alone, the logic to pursue more cooperation is compelling (Kerns 2015). Keohane (2012) argues that greater defence integration at the European level is the only way for at least containing the most damaging effects of declining defence budgets. He stresses in his work that the growing reluctance of Europe to commit resources to defence, should result in more integrated defence capabilities (Keohane 2012).

Among the biggest challenges for NATO it is the fact that its members do not have a shared perception of threats. Each of the NATO countries is more preoccupied with its own neighbourhood. Poland, the Baltic States, and some other East European countries are really concerned with Russia, considering it a primary threat. On the other side, NATO Southern countries, such as Italy, Greece, Turkey, and Spain are preoccupied with the threats coming from North Africa and the Middle East.

For Pooling and Sharing to be successful, political commitment, trust and solidarity among partners are imperative. Some other factors that are needed, according to Mölling (2012), include a similar strategy culture, regional proximity, similarly sized countries and armed forces, the same understanding of the cooperation objectives, and equal competitive conditions for defence industries.

Countries such as Germany, are taking a leading role in NATO-European members, supporting smart defence and preferring a focus on efficiency, by balancing levels of investment between personnel and modernization in the defence spending. This increased responsibility toward NATO is also mentioned in Germany's White Book of Defence (2016). Germany's commitment to increase defence spending has, as a chief justification the need for widened NATO engagement, which is further emphasized by leading German politicians in international forums. At the 2014 Munich Security Conference, Germany's Federal President Joachim Gauck affirmed Germany's commitment to NATO and insisted on the need for the country to take more of a leadership role and responsibility in the world. At the same time he acknowledged that "we have been debating for years about the direction the Alliance should take, and we have done nothing to stop the depletion of its financial resources" (Bundespräsidialamt 2014). This commitment was reemphasized at the 2015 Munich Security Conference, when the German Defence Minister Ursula von der Leyen provided for an unequivocal "yes" to the question of whether Germany was ready to lead (von der Leyen 2015).

Opportunities in the Face of Difficulties: the Transatlantic Trade and Investment Partnership (T-TIP)

For nearly seven decades the transatlantic relationship with its multidimensional character, has mainly been expressed through a strong and successful defence and security cooperation in NATO. If in recent years, North America and Europe appear to have drifted in different directions when it comes to what are considered priority security challenges, there are new opportunities that could give a new momentum to the transatlantic relationship. In the midst of challenges, there can always be great opportunities.

Amidst a rapidly changing international environment, the transatlantic relationship remains healthy and mature. With the new developments, the essence of this relationship could shift from defence and security to more trade and investment. The answer for strengthening the glue of cooperation could be the currently negotiated Transatlantic Trade and Investment Partnership (T-TIP).

TTIP could turn out to be the most important bulwark of the transatlantic unity since the creation of NATO in 1949. Perhaps it could become "an economic NATO", in the words of the former Secretary General Rasmussen (NATO 2013).

TTIP is the big deal, a geo-economic alignment, which is taking place at a time when the balance of powers is changing. This is the perfect initiative to stimulate the stagnant transatlantic economies in the aftermath of both the financial and Euro zone crises and to reinvigorate the eroding competitiveness of the industrialized countries relative to emerging nations (Zeneli 2013).

The transatlantic economy is the world's largest and most integrated force in the global economy. It accounts for half of the global economic output and 41 percent of the global purchasing power. While emerging economies are on the rise, the U.S. and EU still remain each other's most important markets generating $5.3 trillion in total yearly commercial sales and employing more than 15 million workers on both sides of the Atlantic. Transatlantic trade in goods and services between the U.S. and EU amounts to nearly one trillion dollars each year, and total bilateral investment between them is nearly four trillion dollars.

If ratified, this agreement would boost the combined GDP of Europe and the U.S. by almost 1 percent in the short to medium term. A market practically free of tariffs and barriers is estimated to generate extra $150 billion of GDP annually for the EU, and $120 billion in the US (European Commission 2013; Felbermayr et al. 2013). In practical terms, this equates to two million jobs, more choices, higher quality and lower prices for consumers (Zeneli 2014).

According to Peter van Ham of the Clingendal Institute, "The Transatlantic Trade and Investment Partnership will play a major role in deciding the future of transatlantic security and defence, and may rekindle the debate on a new coalition of like-minded and highly capable states, with the EU and the U.S. at its core" (van Ham 2013).

For more than 50 years both sides of the North Atlantic have pursued various policies to bind themselves together economically to complement NATO´s military bonds.

The NATO Washington Treaty signed in April 1949 states in Article 2 "The Parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them" (NATO 2009).

Today security is more comprehensive in its scope. A new common security challenge for both Europe and United States is the economic one. TTIP would be an excellent response against this common challenge. This deal is not just trade and investment partnership; it is primarily a political, economic and cultural partnership that will boost world economic development, strengthen the natural partnership of the West, and create an international level playing field for fair competition.

Despite the large estimated benefits of a successfully negotiated TTIP, there is still reluctance in many European countries, seeking to preserve market advantages for their industries. Some of the contentious areas of TTIP include: agriculture, Investment State Dispute Settlement (ISDS), public procurement, food safety, and environmental regulations. Experts highlight that different cultural norms are some of the biggest barriers for a successful TTIP approval, stressing the issues surrounding this partnership cannot be easily rectified using only economic explanations (Dullien et al. 2015). There are still many differences in existence between European and American consumers when it comes in how they view risks, access to public services and the trade-off between national security and individual privacy.

If successfully approved, both sides bridging the Atlantic should use TTIP to leverage global growth, human talent, and innovation while tackling budget deficits and global challenges. As Trade Commissioner De Gucht has claimed, TTIP 'is about the weight of the Western, free world in world economic and political affairs (Emmott 2013). This agreement is the new frontier in trade liberalization, an effort to write the new global trade constitution, a blueprint for deep integration trade agreements for the 21st century. More energy security, increased investment and trade, and a commitment to globally defend the "rules of the road" could bind the EU and US further together (Wolf et al. 2015). Experts argue that TTIP could be the opportunity for the West to set and take control of regulations around the globe by utilizing transatlantic markets as incentives to get other regulators to comply with standards that reflect the 21st century's regulatory principles (Hughes 2014).

In the current situation where Europeans spend less on defence, where the United States rebalances to Asia Pacific, where security challenges are different for the transatlantic community, TTIP could strengthen the glue of the transatlantic community. TTIP could prove to be immensely beneficial to NATO too. A successfully negotiated deal, could provide new financial means to the Alliance, uniting countries with shared values to cooperate in their mutual defence. Similarly, TTIP, by increasing collaboration within Allies, could also bring together countries and societies that trust each other's institutions, and are willing to defend their way of life against rising competitive powers, by strengthening the core of like-minded and capable countries sharing economic, political and strategic interests (Daniel 2012).

Resolving previous competition and disagreement about trade and investment issues, would make the transatlantic relations more flexible, and would safeguard the transatlantic natural partnership. In this new era, security and economics are intrinsically related, two sides of the same coin.

As NATO has set the gold standards in security cooperation, TTIP could set the gold standards in economic cooperation. As Vice President Joe Biden spoke at the Munich Security Conference " TTIP will spur growth that helps both sides of the Atlantic to continue to modernize and invest in the most powerful Alliance" (The White House 2015). The need for strengthening the glue that bonds together the transatlantic space makes this agreement a geopolitical necessity. TTIP could be the new economic NATO.

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Dr. VALBONA ZENELI (valbona.zeneli@marshallcenter.org) is a professor of security studies and deputy director of the Central and Southeast European Program at the George C. Marshall European Center for Security Studies. Her current research and teaching interests include international economics, transatlantic relations, institutional development in the transition economies, corruption, and Southeast European security issues. Dr. Zeneli earned her Ph.D. in international political economy from the University of Bari, Italy. She previously served as chief of protocol and economic adviser to the Albanian prime minister from 2003-2005. Prior to that, she worked as adviser to the minister of economy of Albania from 2002-2003. Dr. Zeneli has published numerous papers and book chapters in many well-respects journals and is a frequent contributor to Southeast European newspapers and other international leading magazines. She shares her expertise around the world lecturing in many countries and institutions.

The Economic Crisis and Euro-Atlantic Defense

Matthew Rhodes[1]

The post-2008 global economic crisis did not abruptly halt military operations by the Euroatlantic community, but its ongoing direct and indirect effects have limited commitments and effectiveness within the field of defence. At a time of rising threats from Europe's east and south, Euroatlantic states must simultaneously redouble efforts to strengthen their recoveries and reverse negative trends in their capacity for effective collective action.

KEY WORDS:

Economic crisis, defence, NATO, military operations

1 The views expressed in this paper are solely those of the author.

Introduction

In February 2009, the U.S. intelligence community identified the "global economic crisis" that had hit with full force the previous fall as its "primary near-term security concern" (Blair 2009: 2). This assessment came just a few weeks after the Obama administration took office and marked a departure from stress on terrorism as the top threat.

More than six years later, the crisis's direct and indirect effects continue to shape Euro-Atlantic defence. Together with the inconclusive outcomes of recent military interventions and other troubling developments, they have profoundly challenged the post-Cold War security order and the places of NATO and the EU within it.

At a time of rising threats from Europe's east and south, coming to terms with the crisis's lingering impacts is essential. Euro-Atlantic states must simultaneously redouble efforts to strengthen their recoveries and reverse negative trends in their capacity for effective collective action.

The Great Recession

Visible signs of trouble in U.S. mortgage markets appeared in spring 2008. By fall, the bankruptcy of Lehman Brothers and similar problems at other investment banks threatened a broader collapse of the global financial system.

Although worst-case scenarios were averted, what became known as "the Great Recession" brought the world's deepest downturn since the 1930s. During 2009, the gross domestic products of the United States and Europe each contracted by roughly five percent. American unemployment and government debt doubled, stock markets halved in value, and annual federal deficits soared beyond a trillion dollars. Much of Europe, especially the southern Eurozone, fared even worse. Greece's economy ultimately shrank by a quarter, and potential "Grexit" and Eurozone break-up became a running source of drama. Croatia suffered six consecutive years of negative growth, becoming the only country to see GDP decline after NATO accession.

Moreover, as of 2015, recovery on both sides of the Atlantic remains fragile and uneven. Eurozone output only recently returned to pre-crisis levels. Even in countries with stronger headline indicators, publics perceive macroeconomic gains as not being widely shared.

A "Twenty Years' Crisis"

Interacting with other factors, these economic setbacks have served as catalysts for a twenty-first century "twenty years' crisis". British scholar E.H. Carr first applied that phrase to international politics at the end of the 1930s (Carr 1946), but it also captures the sense of breakdown of global order today. In the words of another British author, an "Age of Optimism" has yielded to an "Age of Anxiety" (Rachman 2012). Just as Carr's work referenced developments two decades after World War I, the contemporary version followed a similar interval from the end of the Cold War.

One consequence has been deepening political polarization that has hampered policy action within and among Euro-Atlantic states. A sense of failure or even betrayal by traditional mainstream parties on economic and social grounds has driven support to anti-system populists of the right and left. As a result, political constellations have grown both more narrowly national in perspective and less inclined to cross-party compromise at that level.

Within the United States, the leading example on the left was the Occupy Wall Street protests against inequality. These took place in New York's financial district over several weeks in fall 2011 and inspired similar demonstrations elsewhere. On the right, the anti-big government Tea Party movement became a more enduring force within the established Republican Party. Suspicion of compromise among adherents in Congress helped force a sixteen-day shutdown of the federal government in fall 2013 as well as slow other legislative action and confirmation of executive branch appointments.

Similar dynamics have unfolded across Europe. Greece's far-left Syriza party won parliamentary elections in January 2015, and candidates backed by its counterpart Podemos in Spain did the same in major municipal votes that May. Most recently, the British Labour Party's selection of Jeremy Corbyn as leader reversed the centrist shifts championed by former Prime Minister Tony Blair. Meanwhile, vote tallies have also surged for anti-EU, xenophobic to neo-fascist right-wing parties such as the National Front in France and Jobbik in Hungary. Several such groupings finished especially well in the European Parliament elections in spring 2014.

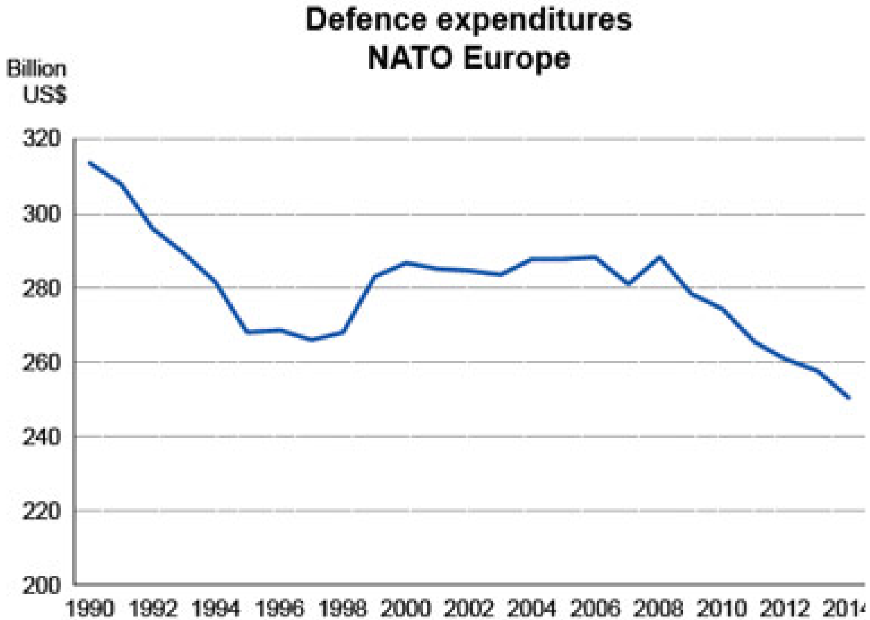
Likewise reminiscent of the 1930s, the malaise among Western democracies has been accompanied by a rise of increasingly assertive authoritarian states. Whereas the Axis Powers and Stalin's Soviet Union played this role in the last century, China and Russia have become most prominent now. These countries' economies weathered the first years of the economic crisis better than the West, even as their governments tightened political restrictions. Although both are experiencing slow-downs now, the extended booms in Chinese manufacturing and, to a lesser extent, Russian energy exports revived admiration for autocracy as a development model.

Symbolically, a low point of this period, Lehman Brothers' collapse in September 2008, came just weeks after Russia's invasion of Georgia and China's triumphant hosting of the Beijing Olympics. Since then, Russia has launched a hybrid war against another neighbour, Ukraine. China has ratcheted up cyber espionage and advanced expansive claims over the South China Sea. Both have backed their actions with double-digit yearly increases in defence spending.

Defence Austerity

Alongside these other developments, the economic crisis's most direct impact on defence has been accelerated spending cutbacks within NATO. The combination of falling revenue, rising social and interest outlays, and costs for many countries to rescue failing banks has further squeezed already vulnerable defence budgets across most of the Alliance.

NATO Secretary General Jens Stoltenberg's annual report released in January 2015 included a graphic depiction of the pattern within Europe (Stoltenberg 2014). The steady decline in spending among European Allies after the Cold War had been partly offset by the accession of a dozen new members during the decade preceding the economic crisis. However, the downward slide resumed sharply after 2008, with expenditures falling by another $40 billion, or 15%, by 2014. That year, only three Allies on the continent (Estonia, Greece, and the United Kingdom) met the agreed NATO target of two percent of GDP for defence. Three more (France, Poland, and Turkey) came close, but none of the twenty others exceeded 1.5%.



Source: NATO Defence Planning Capability Reviews. Based on 2010 prices and exchange rates. Estimates for 2014.

To be sure, NATO Europe's approximate total of $250 billion for defence remains considerable. It represents a quarter more than high-end estimates of China's latest budgets and three times more than those of Russia. However, the various inefficiencies of separate national defence establishments and many countries' disproportionate personnel costs leave Europe with less real military capacity than that amount would otherwise imply.

In a farewell speech at NATO headquarters in June 2011, outgoing U.S. Secretary of Defence Robert Gates famously warned that such trends were politically unsustainable in the United States and could bring a "dim, if not dismal future" for the Alliance. Three years later, in the wake of Russia's interventions in Ukraine, Allies recommitted to progress toward the 2% target and greater defence investment by 2024 as part of their concluding declaration at the Wales Summit. However, while a few newer Allies most concerned about further Russian aggression have already moved in this direction, initial steps by others have been decidedly mixed (Raynova and Kearns 2015). Even the United Kingdom will only maintain the 2% standard over the next five years by counting intelligence and pensions in its defence budget (Jones 2015).

In the meantime, while the U.S. spending remains more than double that of Europe, it has also receded by over $100 billion from its 2010 peak (Cordesman 2015). Much of this reflects the wind-down of stability operations in first Iraq and then Afghanistan. However, the Pentagon's "base budget" has also been hit by reductions agreed by President Obama and the Congress in spring 2011 and by further automatic cuts known as "sequestration" in 2012 and 2013. These forced furloughs for civilian defence employees, cancelations of planned exercises, and deference of scheduled maintenance and procurement. Though later suspended for 2014 and 2015, the procedure could return into effect as soon as 2016. Even if not, the long-standing assumption that America would always make up for any European shortfalls can no longer be taken for granted.

Military Operations

Given their partly gradual, cumulative nature, the economic crisis's adverse effects on politics and budgets did not abruptly end out-of-area deployments of Euro-Atlantic militaries. Indeed, in 2009-10 NATO moved to expand and extend to 2014 its largest operation, the ISAF mission in Afghanistan. During this period, heightened instability across the Middle East and North Africa also prompted new missions, both formally through NATO (in cases such as Operation Ocean Shield against piracy off the Horn of Africa since 2009 and Operation Unified Protector over Libya in 2011) and via informal cooperation (in cases such as the U.S. - supported French intervention in Mali in 2013 and the anti-ISIS "core coalition" established by nine Allies and Australia on the margins of the Wales Summit in 2014). The longer-standing KFOR mission in Kosovo has meanwhile persisted at brigade-size strength.

Under the umbrella of a new Readiness Action Plan also announced at Wales, Allies have taken additional measures within their territory to reinforce collective defence. These include more and larger military exercises, extra investment in ports and airfields, and an expanded, quicker-acting NATO Response Force.

The preceding list notwithstanding, it would be a mistake to conclude that the economic crisis has not meaningfully affected operations. To begin with, it was one factor dissuading intervention in other cases such as the conflict in Syria. In others, notably Libya, it limited the number of Allies militarily contributing to NATO or coalition operations. Finally, even in Afghanistan, where virtually all Allies and many additional Partner countries were engaged, the crisis scaled back the extent and duration of commitments. In announcing an additional 30,000 U.S. troops for ISAF in late 2009, President Obama explicitly cited economic factors as reasons for setting a deadline for this surge at the end of 2011; in his words, "our troop commitment in Afghanistan cannot be open-ended - because the nation that I'm most interested in building is our own" (The White House 2009).

Military spending and operations are not ends in themselves, and individual countries' decisions regarding examples above might have been appropriate given specific circumstances. Nonetheless, taken together they arguably lessened the effectiveness of needed crisis management as well as further strained the underlying sense of Euro-Atlantic solidarity.

Conclusion

The economic outlook for North America and Europe has fortunately much improved since the onset of the crisis in 2008. However, recoveries have remained mostly tepid even as other security challenges have grown more severe. The need for credible capacity to deter or selectively address these challenges is one more vital reason for the states of the Euro-Atlantic community to remain attentive to defence even as they seek to broaden and deepen their domestic prosperity.

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Dr. MATTHEW RHODES (rhodesm@marshallcenter.org) is a professor of national security studies at the George C. Marshall European Center for Security Studies. His principal interests include U.S. foreign and security policy, transatlantic relations and Central and Southeast European security issues. Dr. Rhodes earned a Ph.D. in political science from the University of Wisconsin-Madison in 1997 and a bachelor of arts degree in government and German from Lawrence University of Wisconsin in 1990. He previously served as assistant professor of strategy and international security at the U.S. Air War College, Maxwell Air Force Base, Alabama from 1999-2003; assistant professor in the department of political science at Central College, Pella, Iowa from 1998-1999; and Jan Hus Foundation Academic Mentor in the department of politics and European studies at Palacky University, Olomouc, Czech Republic from 1997-1998.

National Security in the Context of Sustainability

Igor Matutinović

"Over the next 20 years and more, certain pressures – population, resource, energy, climate, economic and environmental – could combine with rapid cultural, social and technological change to produce new sources of deprivation, rage and instability... But overall, looking ahead, I believe the most persistent and potentially dangerous threats will come less from ambitious states than failing ones that cannot meet the basic needs – much less the aspirations – of their people."
Robert F. Gates, Remarks to the U.S. Global Leadership Campaign (July 15, 2008), in Parthemore and Rogers (2010).

"In a world that has finite resources and is increasingly experiencing high competition for these resources, the military has embraced sustainability as both a vital strategic security element and as a mission enabler"(Hartman et al. 2012).

KEY WORDS:

Sustainability, national security, industrial policy, climate change.

Introduction

The analysis of national security in the post-Cold war period has been extended beyond its military aspect by introducing economic, demographic, ecological, and democratic dimensions (Adibe 1994). The debate on environment's impact on national security dates back to late eighties (Dalby 2002: 1-19) and has since produced a voluminous literature. The focus of debate was mainly on physical environment as a source of critical resources for human survival like fresh water, arable land,and energy, which are by definition scarce and, therefore, in a world of growing population and militarized nation states are likely to produce competitive situations that may lead to violent conflict (Homer-Dixon et al. 1993; Parthemore and Rogers 2010). Strong statements on the topic ranged from "It is time to understand *The Environment* for what it is: the national-security issue of the early twenty-first century." (Kaplan 1994) to "The assertion that many environmental problems constitute security risks is correct, and is of little importance" (Levy 1995). Although Homer-Dixon system models showed causal interrelation between environmental scarcity and its economic, social and political impacts, the focus was perhaps a bit narrow as it addressed mainly violent conflict as a main adverse outcome and cases in point were taken largely from weak states belonging to the poorest stratum of the developing world (Homer-Dixon et al. 1993; Renner 2002). However, this discourse soon broadened to include economic instability, climate change, biosphere capacity to sustain globalized society, and the importance of institutional arrangements in the pursuit of sustainability (Westley et al. 2011). One may argue that a statement like "In the 21st century, the security of nations will depend increasingly on the security of natural resources, or "natural scarcity" (Parthemore and Rogers 2010) reflect well the prevailing position of scholars researching within an extended perspective of national security.

The topic of national security and sustainability is a rather novel research field[1]. While it shares common issues with environmental

1 Entering in Google search „environment and national security" yields about 119 million entries and the connection between the two does not vanish quickly. By comparison, „national security and sustainability" yields only about 1 million entries and the connection between the two concepts fades very early.

security literature, like climate change and ozone layer depletion, it represents a broader conceptual and theoretic perspective. The basic contribution of sustainability perspective to security issues is in its systemic linking of environmental, social, and economic spheres into a long-term, dynamic perspective (Khagram et al. 2003). As I will argue throughout the text, societal security and well-being - national, regional and planetary - is viable only when all of the three spheres are operating within acceptable boundaries: biophysical, economic and social. Serious and prolonged breaking of the boundaries in one sphere is likely to disrupt the functional stability in the other two spheres. In that sense, it does not make sense to consider environment and its impact on security in isolation of the other two domains of human activity. More to the point, the discourse shifts from local environmental constraints and resource scarcity to global biophysical boundaries. In the temporal dimension, the focus is more on the long-term challenges like climate change than to the short term issues that arise from local competition over resources. This does not mean that resource scarcity and local competition are now less important, but that the whole issue of security and socioeconomic sustainability becomes more difficult and complex. The sustainability and national security nexus is, however, gaining acceptance and has been recognized as a relevant perspective by some major economic and military world powers like the US (Hartman et al. 2012).

What Is Sustainability?

There are many definitions of sustainable development and sustainability – back in the nineties Pezzey (1992) listed almost a hundred. This brought many social scientists to question the concept's very usefulness. Homer-Dixon (2008), for example, noted that the concept"... is somewhat misleading because it implies that we can find some kind of nice sort of glide path where we can tweak things carefully and maintain or increase human well-being more or less indefinitely into the future". However, there are other, less stringent and less ambitious understandings of sustainability that bring into focus systems longevity and evolutionary adaptability. Ecological economics defines a sustainable system as one "which persists in nominal behavioural states as long as, or longer than its expected natural longevity or existence time" (Costanza et al. 2015: 113). This definition does not imply an increase in human well-being or easy solutions to whatever obstacles the human society may face along its existential path. It stresses, however, that a major societal goal, like that of any living system, is to preserve itself within an operating mode that defines its identity. This implies that certain features of a society - those that are not essential for its identity - may change in a process of adaptation to external or internal constraints. For example, we may wish to preserve a market based, democratic society but not necessarily its material growth, which is encountering biophysical boundaries or its high income inequality, which is becoming socially unbearable.

Societal playing around with biophysical constraints or testing the limits of social tolerance to inequality is a dangerous activity, which can produce unintended and possibly irreversible outcomes. How much a society is willing to risk is culture-dependent and can only be established in the process of political discourse. Robinson (2004) put it in clear terms: "Sustainability is ultimately an issue of human behaviour, and negotiation over preferred futures, under conditions of deep contingency and uncertainty". Negotiations over preferred futures unfold in a context of values and beliefs that prevail in a society at a given time – or to put if differently, political discourse is bounded within a dominant worldview (Matutinović 2007). Thus, different societies may define sustainability differently and a same society may take contrasting positions at different times. In each of these cases, the idea of sustainability is likely to provide an "ethical guiding principle" (Viederman 1993) to the societal and political decision making process. In that process of political negotiations, quality information and science will not suffice to ensure optimal societal choices and, unfortunately, societies will have to rely on wisdom of their electorate and key decision makers - this elusive and rare human feature defined as "the capacity to choose objectives consistent with one's values and within a larger social context" (Logan 2012).

Complexity

Before directly addressing the issues related to sustainability and security, let me introduce briefly the concept of complexity as the underlying epistemological perspective for discussing the economy-society-environment nexus. According to Auyang, complex refers to “self-organized systems that have many components and many characteristic aspects, exhibit many structures in various scales, undergo many processes in various rates, and have the capabilities to change abruptly and adapt to external environments” (Auyang 1998: 13). Some of the characteristic properties of complex systems are circular causality, feedback loops, non-linear cause-effect response, emergence, and unpredictability (Érdi 2008: 7). Nicolis and Prigogine (1989: 36) state that “complexity is concerned with systems in which evolution and hence history, plays or has played an important role in the observed behaviour”. Note that all these features of complexity refer to all living systems but still do not account for all peculiarities of human systems. For example, the human ability to build recursive (self-referential) models of themselves and their environment has non-trivial consequences on the behavioural complexity that we observe in socioeconomic systems.

Complex systems are, among other things, characterized by emergence, novelty, unpredictability, unintended consequences, and radical uncertainty. Emergence refers to the impossibility for an observer to predict the behaviour of a system operating at a certain hierarchical level from the properties of components at the hierarchical level below. For example, one cannot predict brain’s consciousness and intelligence from neuronal properties and their electro-chemical interactions; knowing how a firm operates does not enable us to predict the macroeconomic phenomena like growth and technological change, etc. Novelty arises from large-scale interactions between diverse system’s components and represents its capacity to evolve new entities, relationships, and modes of behaviour. For an external observer this constitutes a surprise and in concert with nonlinearity in system’s dynamics that is what makes complex systems generally unpredictable. Interventions in complex systems are likely to produce unintended consequences: for example, the US engagement in Afghanistan in the eighties via its support to Taliban rebels helped later Al Qaida appearance and, eventually, ended in the terrorist attacks on 9 September 2001; intervention of Western allies into what was seen as the "Arab Spring" and a revolt against autocratic rulers resulted in political disintegration in Syria, Iraq, Libya, and Yemen and the appearance of far more radical political entities like the Islamic State of Iraq and Syria (ISIS). Finally, radical uncertainty – an uncertainty that cannot be represented by probability distributions, because these are simply unknowable, is an expression of the limits of human knowledge that cannot be removed by improved modelling or more accurate scientific measurements: think, for example, about appearance of new species in evolutionary time and technological breakthroughs in historic time.

Because of these salient traits of complex systems, decision makers are prompted to restrain from arrogant, self-assured behaviour. Instead, they should act with a considerable degree of humility and caution. This even more when we consider that in the context of sustainability we always deal with three mutually interacting complex systems: environmental, economic and social.

Global Sustainability Issues

The human system, with its modes of production and consumption and its transport networks pervades the planet and affects other life systems on a level unprecedented in the Earth's history. Human population in concert with technology has been altering planetary ecosystems since the Neolithic but thanks to innovations that appeared in the past two hundred years, our impact has become more intensive and faster moving than any time in the past.

Biophysical Boundaries

The pressure of economic activity on natural sources and sinks brought to critical condition many ecosystems globally (Millennium Ecosystem Assessment 2005; Foley et al. 2005), and transgressed or approached the boundaries of several critical earth-system processes (Rockström et al. 2009; Steffen et al. 2015)[2]. According to Burger et al. (2012) we have already surpassed the capacity of the earth to supply enough of essential resources to sustain even the current world population at the current levels of socioeconomic development in the West. This approaching of planetary biophysical boundaries happens at the time of intensive population growth that is expected to halt only by end of the century and reach the level of about ten billion (Tollefson 2011) which poses unprecedented challenge to humanity. Population growth will transfer nonlinearly to economic growth, depending on the extent of personal consumption and this will create additional pressure on natural sources and sinks. Critical resources necessary for sustaining growing population - arable land and fresh water – have already a declining trend. On the top of that, global warming and its weather extremes – droughts and flooding – will further reduce the global capacity of food production and feeding of the growing world population.

Global warming is bringing a variety of economic, social, and political risks that will also have, among other things, a negative impact on national security. The last IPCC report identified eight major climate risks (Kintisch 2014):

1. Death or harm from coastal flooding
2. Harm or economic losses from inland flooding
3. Extreme weather disrupting electrical, emergency, or other systems

2 Identify ten planetary boundaries: climate change, land system change, global freshwater use, biodiversity loss, nitrogen cycle, phosphorus cycle, stratospheric ozone depletion, ocean acidification, atmospheric aerosol loading, and chemical pollution (Rockström et al. 2009).

4. Extreme heat, especially for the urban and rural poor

5. Food insecurity linked to warming, drought, or flooding

6. Water shortages causing agricultural or economic losses

7. Loss of marine ecosystems essential to fishing and other communities

8. Loss of terrestrial and inland water ecosystems

These risks will impact differently on different regions, but it is very likely that no country will be spared by at least some of them. Dealing with adverse consequences of climate change and especially those that endanger national food security will pose new challenges to national security and especially for economies that have large import dependency. Recently the World Bank has warned that a "frightening world" of global instability lies ahead unless governments tackle the threat of man-made climate change (Clark 2014).

Countries that will not be able to satisfy basic economic necessities of their population or could not mitigate negative impacts of climate change are prone to become also a source of uncontrolled emigration – a process that may export instability to the neighbouring countries.

Energy Availability

Energy availability, its quality, and its price represent another major challenge for international and national security. Although current oil prices are fluctuating at about half the level compared to its heights in the past four years, this is most likely only a temporary phenomenon[3]. Oil, natural gas, and coal are non-renewable resources and their

3 The remarkable drop in oil prices that occurred from August 2014 and up to August 2015, has been caused by a combination of three major factors: supply glut arising from shale oil „revolution" in the US; weakening of global growth rates and especially in China; and a tactical decision of the major spare capacity player - Saudi Arabia - to keep its market share and squeeze out marginal oil suppliers outside the OPEC. This is most likely to be a temporary phenomenon with the most immediate effect of disinvestment in new oil wells by major oil companies that is likely to produce supply shortages in the future and, consequently, new price hikes (Heinberg and Friedley 2010; Patzek et al. 2010; Murray and King 2012).

peak-production may have already happened or will do so in the near future (Heinberg and Friedley 2010; Patzek et al. 2010; Murray and King 2012). The very availability of fossil fuels is not what may have the major immediate impact on energy prices. The world's most important fossil fuels oil and gas, have declining EROI (energy return of investment) values, while coal although abundant, is very unevenly distributed, has large environmental impacts and has an EROI that depends greatly on the region mined (Murphy and Hall 2010; Lambert et al. 2012). This is an equivalent of declining efficiency of supply of free energy to the economic system with likely effects on increasing costs of fossil fuels extraction and, consequently, rising prices to industry and households.

Peaking of fossil fuels extraction and their declining EROI apart, there is a more important reason that should affect their future consumption: about one third of oil reserves, half of gas reserves and over 80 per cent of current coal reserves should remain unused from 2010 to 2050 in order to meet the target of 2 °C global warming (McGlade and Ekins 2015). Fossil fuels still represent about 80% of total global energy use. On the other hand, renewable energy sources have currently very low EROI - ranging from 2.1 for bio fuels to 18:1 for wind (Lambert et al. 2012) and require huge land use (McKay 2010) meaning that they cannot provide a viable substitute for fossil fuels in a foreseeable future. This situation represents a conundrum for industrial civilization that depends on large inflows of high quality energy to sustain itself. As Mackay put it: "We require either a radical reduction in consumption, or significant additional sources of energy – or, of course, both" (McKay 2010).

Consequently, in the medium to long term, prices of fossil fuels and energy in general are expected to rise and this will, as it already happened before, increase the world food prices, with likely unrests in most vulnerable countries (Clark 2014).

Economy and Society

Even if environment were stable and resources relatively abundant, that would not be enough for a society to be sustainable. Numerous endogenous factors may threaten its social cohesion and political stability. For example, a prolonged and severe recession may generate political turmoil with unforeseeable national and international consequences for peace and security as it happened after the Great Depression in Europe. After the World War II, resilience to systemic economic perturbations like recessions has been very strong thanks to a variety of interrelated factors like the increased size of the acyclical government sector and its regulatory role, introduction of automatic stabilizers, and implementation of a vast network of social transfers (Maddison 1991; Zarnowitz 1992: 18). Returning quickly back to the growth path was possible also because of relatively abundant natural resources and energy. In the 21st century we are facing a different situation where global biophysical constraints and the perils of intensive burning of fossil fuels represent an unprecedented exogenous barrier to economic growth.

Historically, one of the major sources of internal instability and social unrests has been uneven access to resources and socially unbearable distribution of income and wealth. Sharp income and wealth inequality at the national level may provoke civil war, separatist movements, peasant revolts and revolution while internationally there is a war risk including the use of the weapons of mass destruction (Butler 2000). Income inequality has been increasing in a large majority of OECD countries over the past 2-3 decades (Förster 2013) thus bringing a new dimension of political instability, which has been nearly forgotten in the post World War II period of economic growth and prosperity. In the past two hundred years the socially disruptive effects of income inequality have been kept in check by economic growth and its trickle-down effects. This socially stabilizing mechanism, however, may be faltering: long-run rates of growth have been declining in some of the largest and most advanced world economies: the US, Canada, Germany, the UK, France, Italy and Japan (Diaz et al. 2014) and, more generally, in Western Europe (Demailly et al. 2013). This trend in itself is not worrying - no living system can grow indefinitely and much less in a physically closed meta-system the planet Earth is. The challenge is how to maintain social peace in the absence of economic growth in an environment of high income inequality and rising income expectations of the majority.

Beyond the national level, there is a growing challenge to peace and security posed by rising international income and wealth inequality: world income inequality has been rising since the outset of the industrial revolution: in the early 19th century the global Gini coefficient had a value 0.50, at the eve of World War I it rose to 0.61 (Bourguignon and Morrisson 2002), then in 1964 to 0.70, and in1999 it reached almost 0.80 (Butler 2000). Such a high gradient of income at the global level has been driving South-North migrations for several decades, contributing to valuable cultural cross-fertilization but at the same time creating also emarginated immigrant enclaves. It is questionable, however, if further immigration waves can be socially and culturally accommodated in the recipient countries. The case in point is "Europe's boat people" and the current embarrassment in the EU as how to manage these unwanted and uncontrolled immigrations. There are already signs of social frustrations and xenophobia, and these in concert with economic woes contribute to the rise of political extremism in Western Europe.

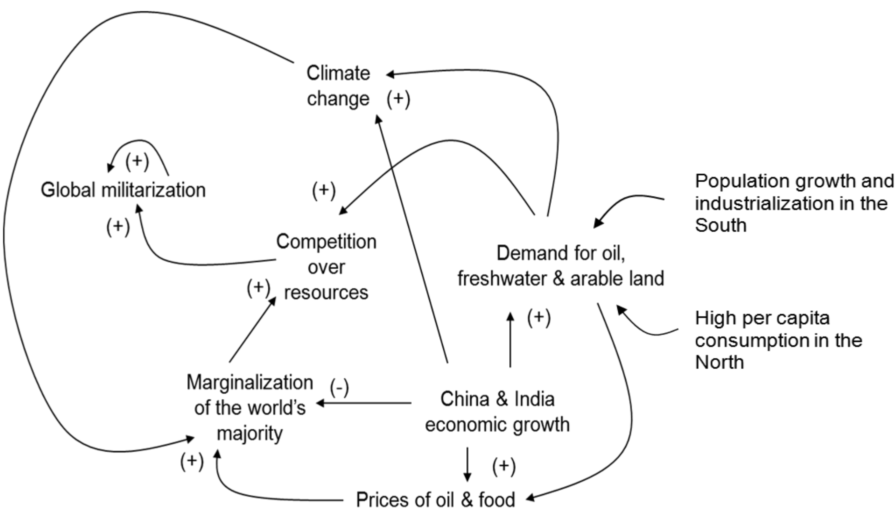
Concerning economic security per se, a general thesis is that economically weak countries are ipso facto unsecure (Adibe 1994). The truth of this thesis is self-evident at the bottom level of economic development where only traces of modern infrastructure and industry are present and where subsistence agriculture and weak institutional framework prevail, like in many African countries today. By climbing up the development ladder, however, it is increasingly more difficult to establish when economic weakness (e.g. substantial trade deficit, high external and internal debt, low score of national competitiveness, and a persistently high rate of unemployment) becomes a source of true insecurity, internal and external. What is unambiguous is that national inability to provide on a prolonged basis civilizational necessities to its citizens[4] is likely, sooner or later, to end in socio-political crisis. Besides that, economically weak states may not be able to cope with adverse effects of climate change, invest in renewable energy sources, and maintain the requisite levels of welfare state to support social peace and stability.

4 Referring primarily to enough food to satisfy standards of daily intake of calories, housing, electrical energy, public health and education, and functional transport infrastructure.

Global Threats to International Security

It is clear that in the context of global trends and constraints described in the preceding section one can approach national security only by taking into account its wider context – political, economic, and environmental that necessarily extends beyond national borders. Therefore, a first step is to look at international dimension of security. The Oxford Research Group identified four major global threats to international security: competition over resources, climate change, marginalization of the world's majority, and global militarization (Abbott et al. 2006). These threats are inextricably interconnected which makes them at the same time more urgent and more complicated to deal with.

Figure 1. Major global threats to international security



Note: Arrows with (+) sign denote reinforcing stimuli and arrows with (-) sign dampening stimuli. We note the existence of only one dampening stimuli – that of economic growth in China and India that contributes to reduction of human marginalization at the global level. All other processes stimulate positively each other either directly or indirectly. The message to take home is the domination of a self-reinforcing loop of environmentally unsustainable processes that lead to international political instability and insecurity.

Figure 1 shows partially the complexity of the situation discussed so far. At the origin of a concatenation of processes we have population growth and industrialization in the South and high per capita consumption growth in the North: they have been pushing demand for oil, arable land, and fresh water since the sixties of the past century. After reaching historic lows in the mid-eighties, food prices have been rising since the beginning of 21st century (Wenzlau 2013), impacting mostly the lowest income population in poor countries. When a trend of rising food prices at a global level combines with frequent crop losses at a national level caused by droughts and floods that are intensified by climate change, then large masses of population are being driven at the edge of survival and join the world's "marginalized majority". Economic marginalization of the world's majority is not only human and moral issue – one that urges concrete political action for poverty reduction - it also increases the likelihood that despaired young people may adhere to terrorist groups like ISIS.

Preserving capacity to stay in the competitive game over natural resources like oil and fresh water may be one of the reasons that prompt some governments to increase their military expenditures. Global military expenditures, however, appear to have its own dynamics of growth, which may be metaphorically compared with "keep up with Joneses" in the consumer behaviour. Although global military expenditures have been faltering slightly in the past three years, they are still 21% up from 2005 and with a trend of growth since 1999 year while the share of global military spending, as a percentage of GDP, has been staying constant at about 2.4% (SIPRI 2015). National investments in militarization negatively affect domestic and international mitigation and adaptation capacities in dealing with climate change by diverting limited budget funds to weaponry. Besides that, militarization as a process of catching-up with the neighbours creates an unfavourable political environment for coordinated international action, which is essential to combat climate change as a planetary phenomenon[5].

5 As the editorial note in Nature magazine put it: "It is clear that humanity at the beginning of the twenty-first century is much better at violent conflict than at planet management. Certainly, the US Department of Defense's budget is 100 times that of the National Science foundation" (Nature 2011).

To wrap it up: the world is facing multiple challenges of climate change, rising energy and food prices, high income inequality, uncontrolled migrations and economic and social marginalization of a considerable share of global population. These processes may engender national political crisis and drive extreme political options, which may in turn, affect international political discourse, peace, and stability. This is a context in which national sustainability and security policies will be framed in the foreseeable future.

All that happens at a time when climate change, global environmental deterioration, and growing world population demand the highest levels of international cooperation and global governance. The Oxford Research Group suggests, therefore, a new approach to global security - a "sustainable security paradigm", which aims to cooperatively resolve the root causes of those threats using the most effective means available ("cure the disease") instead of actual "control paradigm" that attempts to unilaterally control threats through the use of force ("attack the symptoms") (Abbot et al. 2006).

When is a State Considered to be Insecure?

How these global trends might affect national security is a question that is highly contingent on individual cases. Take Croatia for example: its macroeconomic profile shows a weak and globally low- competitive economy[6]. Croatian food production sector is inefficient: nearly two-thirds of farmland is not being used, bad agricultural practices have resulted in loss of soil fertility, technology is outdated and productivity of small farmland is low by EU standards (Znaor 2009), and, consequently, Croatia imports about 50% of its food requirements. Seventy percent

6 The economy contracted by 11.9% since 2008; unemployment rate: 19,7%; youth unemployment: »38%; public debt: 85% of GDP; external debt: - 46,66 billion or 112% of GDP; budget deficit 3,9% of GDP; trade balance: - 6,7 billion or 15,6% GDP; industrial production still below the 1989 level; a history of low inflows of foreign direct investment. The 2014 Global Competitiveness Index ranks Croatia at 77th place out of 144, just a few places above Greece and below Botswana and Ukraine. Its ranking in 2013 was 75th (Schwab 2014).

of its energy consumption is imported (MERC 2014) and according to a recent survey, 63% of households spend more than 10% of their income on energy (Energetika 2013), meaning that energy poverty is already an issue at current energy prices. Among expected adverse effects of climate change in Croatia we find higher incidence of heat waves and droughts and decrease in precipitation with likely negative impacts on agriculture and energy: corn and similar crops yields might decrease by 4-20%, while hydro-electric power generation may drop up to 50% (Landau et al. 2008). Croatia is currently ill-equipped to deal with droughts and floods – it has under irrigation only 0.8% of its arable land and only slightly above 1% in Slavonia (Glas Slavonije 2014). On the other hand, Croatia is well endowed with fertile land, woods, and fresh water; its natural environment is generally well-preserved and probably there are some untapped reserves of natural gas and oil in the Adriatic Sea that might be exploited in the future[7]. Could we infer from these data that Croatia is an insecure country from the sustainability perspective?

Well, it is not possible to give a definitive answer to this question: it depends on future scenarios one takes into consideration. Consider the optimistic scenario in which the government accomplishes required restructuring in all macroeconomic domains that are currently weak; it puts the unused arable land to productive use and invests in smart irrigation system; it manages to increase domestic production in renewables and natural gas; and the EU gives a push to domestic economic growth via its own faster expansion. In that case many of the current weaknesses may be resolved and the country may turn into a relatively secure one. If, on the other hand, none of the above realizes and the country experiences a couple of bad consecutive harvests due to intense droughts and floods in concert with rising energy prices, then it is likely that Croatia may experience social unrests and political crisis. But social unrest is not a key point here. A scenario in which a country struggles to feed its population and where large proportion of the household budget is spent on food and energy implies that its power and capacity to deal with future challenges is declining. Less

7 The possibility of drilling the Adriatic for natural gas and especially for oil is a highly sensitive and controversial issue both from the environmental and economic sides as an oil spill is likely to impact heavily on local ecosystems and cause serious damage to the tourist industry for many years to come.

money from the government budget will be available for education, welfare and defence. International businesses may decide to reduce their activities or cut their presence in the country altogether. Young talents may choose to work elsewhere in EU. In short, a country, even if endowed well with natural resources if it is badly managed may embark on a pathways of poverty and insecurity.

There are many alternative scenarios in between these two extremes. Realization of any of them will, however, put the country either closer to security or to insecurity. The point is that in order to take the direction of security, there must be a social consensus and a political program with concrete goals that will ensure that at least worst scenarios will be avoided[8]. What are "worst scenarios" and what needs to be done in a given period to avoid them can be specified in terms of undesirable events, social priorities, and policy instruments and investments needed to realize desired objectives. As the complexity epistemology suggests, political decisions must be taken under conditions of uncertainty: how much a society is ready to gamble and in which domain is a question of culture, social and political intelligence and, ultimately, of wisdom of nation's leaders.

Discussion

Given the current state of affairs – from biophysical constraints and energy to social and economic trends discussed so far, I propose three general theses that relate sustainability and security:

Nation States Are Not a Proper Locus for Solving Sustainability Problems.

Too many problems related to environment and the global commons – from climate change, management of watercourses for agriculture

8 I refer the reader to earlier works that deal with polices in the context of national sustainability Lay and Šimleša 2012; Matutinović 2000; 2006; 2014.

and energy purposes, ozone depletion, management of fisheries, to biodiversity conservation in the rain forests - have a global or regional scope. For each of them there already exists a host of international treaties, action plans and goals. Their successful implementation and realization calls, however, for a kind of global governance which institutional structure has yet to be defined.

Further marginalization of the world's majority is morally unacceptable and politically hazardous not only for the poorest countries but also for rich Western countries, which become the only destination of escape for desperate masses of people. Uncontrolled mass migrations can hardly be accommodated in Western countries, both economically and culturally and may contribute to rising nationalist sentiment and extreme political options. In the context of growing Islam extremism, uncontrolled mass migration might also carry a risk of infiltration of terrorist groups. On the other hand, closing the borders and sealing-off the desperate is likely to push many of them into the terrorist domain of control with likely proliferation of terrorist attacks worldwide. For Western countries, finding a new model of aid and development that would help pulling the masses in the South out of economic and political margins constitute a major challenge, especially in a low-growth world economy.

While governance of the global commons and the new models of development appear as an indispensable "umbrella" solution for sustainability, this will not suffice to ensure national security. Regional context becomes critical for national sustainability and resilience to environmental or economic shocks that may arise in the global sphere. Watercourse management, renewable energy projects, electrical energy transmission and grid optimization, food production buffering – all of these are functionally placed within a region, which extent and composition is flexible and defined by the nature of the project or goal to be achieved.

Adaptation and Mitigation Lies within Nation States

Although nation states cannot solve by themselves sustainability problems that are global in their scope, they must nevertheless, build internal capacity for mitigation and adaptation to changing, climatic, environmental and energy supply conditions. Building effective global governance may take long time, as we can see on the example of achieving a binding global agreement on cutting down greenhouse gasses emissions. Climatologist have warned that even if we could stop emitting CO_2 now the effects of accumulated past emissions will stay with us for the next few centuries. Therefore, notwithstanding the necessity of regional cooperation, some mitigation and adaptation measures must be undertaken at the national level by taking into considerations specifically local conditions. These measures can be systemically devised and operationalized through industrial policy for sustainability (IPS), which is oriented at serving society's long-term material needs under the new constraints arising from the threats of global warming, energy scarcity, water scarcity, and general deterioration of world ecosystems (Matutinović 2014). For IPS to be effective a society must reach political consensus about its long-range social priorities, like for example, decarbonising energy sector, increasing self-sufficiency in food production, and keeping social inequality under certain upper bound defined by the Gini coefficient. A society has to be able to pursue these goals over many government terms, regardless who is currently in political power. The alternative for such systemic and politically consistent approach is to run the risk of becoming insecure and falling state - one that cannot meet the basic needs, much less the aspirations, of its people.

Resilience to Large-Scale Conflicts in the 21st Century Is Questionable

Given the status of global biophysical and energy constraints a world war or other major continental conflict would likely result in a situation where a recovery of a kind of post WWII would not be possible. Compared to mid-20th century, the means of destruction have grown much stronger while energy and natural resources needed for reconstruction become much less accessible, especially in per capita terms[9]. Time and political goodwill lost in a large-scale conflict would have most likely impeded timely action on curbing CO2 emissions and

9 Under accessibility I imply also the declining EROI of fossil fuels and their cost of extraction.

war requirements would push states to dig further into fossil fuel reserves with the final outcome of a runaway global warming - much beyond the current and relatively manageable 2°C increase. This would not spell an end for humanity but we would have to live and adapt to a different world than the one in which Western civilization has been built. The change would have been irreversible and it is not possible to predict its many negative consequences.

One can argue that such warnings are exaggerated and that human ingenuity and science will somehow find a way out of the scarcity/global warming conundrum. Emergence of novelty and adaptability are anyway properties of complex systems. But these are system propensities and not laws. Therefore, we cannot expect that right innovations will always be in place when needed. As Ayers (1993) pointed out "it is not safe to assume that technological improvements will continue forever to compensate for natural resource scarcity on a finite earth". Scientific community does not support the idea that sustainable development may be reached through scientific and technological progress: "resource problems are not really environmental problems; they are human problems that we have created at many times and in many places, under a variety of political, social, and economic systems" (Ludwig et al. 1993). Edgar Morin, French sociologist and system scientist concluded succinctly this line of thinking: the future depends on science but not on what it may invent but on what it will able to impede (Morin and Pasquallini 2007: 53). This uncertainty about our future and the awareness of our limited capacity to deal with environmental problems that we helped to create brings us back to complex system epistemology and to the focus on humility and caution when making choices that may have long-term and unpredictable outcomes.

Conclusions

Natural sciences are unambiguously pointing at dangerous and irreversible processes regarding climate change, degradation of ecosystems and approaching of biophysical limits. Sustaining the growing human population in 21st century, while at the same time reducing poverty, would be a daunting task even if we would not be facing global biophysical constraints. Social scientists are warning about socially disruptive effects of high income inequality, mass poverty and social exclusion and uncontrolled mass migrations. The remedies for both groups of problems are known and not out of reach, although their implementation requires a new way of political thinking and a high degree of international political cooperation. The existence of different possible future scenarios, each implying different national security levels, calls for a system thinking approach and adoption of long-term horizon in setting societal priorities and allocating scarce natural and economic resources.

While environmentally unsustainable nation states would be by definition insecure and on the way to failing, socially and economically weak nation states are not sustainable - they are likely to fall apart even if well-endowed with natural resources. To achieve national security in the context of sustainability, all three criterions – environmental, social, and economic - must be met at all times.

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Dr. IGOR MATUTINOVIĆ (igor.matutinovic@gfk.hr) holds a Ph.D. in ecological economics and is managing director of the Institute for Market Research GfK– Croatia, member of the GfK Group Nürenberg, Germany. Dr. Matutinović teaches a course on environment and sustainable development at the Faculty of Electrical Engineering and Computing and at the Zagreb School of Economics and Management. He is a member of number of academic and professional associations, among which the Association for Evolutionary Economics (AFEE) and International Society for Ecological Economics (ISEE). Dr. Matutinović is currently the national representative of the European Society for Ecological Economics. He publishes and reviews in international academic journals. His major research interests are in the fields of ecological and institutional economics and in system science.

Challenges for Croatia in Its Security Environment – A View from Another EU Country

Predrag Jureković

Croatia and Austria – Links and Small Differences

Croatia and Austria – beyond historical clichés – have been interconnected historically, culturally and demographically. One result of the previous belonging of today's Croatian territory to the Austrian and later the Austro-Hungarian Empire has been the existence of an autochthon Croat minority in the Austrian province of Burgenland. Approximately 100,000 ethnic Croats fled to this province during the Turkish offensives in the 16th and 17th century or were settled there. Today 20,000 of their descendants still declare themselves as Burgenland Croats. Additionally, ca. 100,000 Croats have migrated to Austria in modern times, from the 1960s onwards. It is clear that these people – beside other migrant groups – have left their mark on Austria's daily culture and economy.

For Austria, Croatia has been its favourite trade partner in the Western Balkans since the beginning of the economic transition. This relationship survived even the recent big financial and political scandal involving the Hypo Bank that has shaken the Austrian political scene and that further influences the trials connected to the former Croatian Prime Minister Ivo Sanader. In all, the Austrian Foreign Direct Investments in Croatia amount to 8 billion €.

Another common feature, which both countries share, is that they belong to the group of small and medium states. So far this attribute has deeply influenced both countries' foreign policy orientation, in particular regarding the common perception that membership in the European Union is beneficial for a small/medium state and that in a multi-polar world functioning cooperative structures make sense. Perhaps this finding was to be communicated somewhat easier to the Austrian population, since the integration issue in Croatia seems to be still burdened by the negative experiences of the violent dissolution of Yugoslavia.

For Austria as well as for Croatia, South East Europe has been a priority region within its foreign and security policy. More than two-thirds of the Austrian soldiers that are currently engaged abroad – ca. 850 military persons – are deployed in peace missions in Bosnia and Herzegovina and Kosovo. The consolidation of the Western Balkans on a high level is also in the deep political, economic and security interest of Croatia. But unlike Austria, Croatia is also a direct actor in this consolidation process, with more responsibility for its positive evolution.

An interesting difference between the two countries exists regarding their relationship with NATO. Austria in form is still a neutral country, but also a very active contributor to the NATO's Partnership for Peace Programme that Austria joined in 1995, the same year it became an EU member state. Croatia, on the other hand, became a NATO member state in 2009 for good reasons. After the brutal wars of the 1990s, the Western Balkans need a common system of cooperative security and NATO seems to fulfil this task well.

Some Observations on Croatia's Transition from Abroad

Croatia's transition was severely hampered by the war from 1991 to 1995. It is clear that without this tragic experience Croatia's chances to perform economically better would have been much higher. On the other hand, it can be regarded as a success story that Croatia, after restoring its territorial integrity, could develop in a medium term from a former war-torn country into a full-fledged member of EU and NATO. Observed from the outside, between 2000 and 2011 Croatia made a remarkable progress as far as internal consolidation and democratization of the society were concerned. Also its regional relations in that period started to improve substantially. Croatia became a constructive partner in supporting the Dayton peace process, even the sensitive topic of Croat-Serb relations within its internal and bilateral context became more relaxed.

However, while recognizing these positive steps, some critical questions have also come up. Among them is the question of the continuation of reform and democratization processes as well as internal consolidation after the successfully completed integration into the EU and NATO. Since last year the political polarization in Croatia has increased significantly, while there had been constructive relations between the major parties during the negotiation talks. A sensitive group among the war veterans, the invalids, have seemed to be misused for political goals. There is also a tendency that some representatives of the Catholic Church in Croatia in regard to sensitive social and national issues act like a political force, which is a behaviour that certainly contradicts the standards of modern western democracies. Furthermore, the process of strengthening civic elements in Croatia's identity as a state due to this new wave of political polarization has suffered serious setbacks. This development makes it certainly more difficult for members of the national minorities in Croatia to perceive themselves as citizens with equal rights.

Regional Security Challenges

Croatia's regional security environment is characterized by being semi-consolidated. Generally there is a positive trend in the region to define common interests and to resolve the open issues peacefully by approaching EU membership and in most cases also the status of a NATO member state. However, one of the attributes of this complex consolidation process, which has started at full capacity in 2000, is the frequent change from positive to negative signals in regional and bilateral relations. The changing bilateral relations between Belgrade and Tirana – from the drone incident at Belgrade's football stadium to Prime Minister Vučić's recent official visit to Tirana – are a good example of that characterization. Other examples could be added, e. g. the recent decline of bilateral relations between Zagreb and Belgrade as a consequence of the nationalistic agitation of the Serb nationalist Vojislav Šešelj. These shifts in bilateral relations currently do not represent a serious security threat, but they show that the legacy of the past wars still impede the full consolidation of regional relations.

In contrast, various processes of unfinished state-building and state fragility in the region still represent a security risk. In Bosnia and Herzegovina dubious political leaders like the President of the federal unit Republika Srpska, Milorad Dodik, still have the capacity to impede positive processes by continuously boosting nationalism. EU's mediation in regard to the political dialogue between Belgrade and Prishtina/Priština has undoubtedly contributed substantially to gradually relax the complex Kosovo issue. However, the Serbian Government's recent announcement that the main "dialogue partner" on the Kosovo side, Foreign Minister Hashim Thaçi, would be most probably arrested in case of visiting Serbia revealed the weakness of this dialogue and its dependence on EU mediation. How dangerous the combination of criminal energy and extremist ideologies can still be for those countries in the region which struggle with internal and external problems, has been demonstrated by the latest escalation in Macedonia. The appearance of a new Albanian guerrilla as a joint venture of criminal and extremist Albanian individuals from Kosovo and Macedonia has not only led to various conspiracy theories in the highly polarised Macedonian political scene, but also to doubts about the honesty of Prishtina's intentions towards Skopje.

Another issue that has the potential to produce insecurity in the region is the role of religious extremism and the return of foreign fighters with radical Islamic background. Various terrorist attacks that have been committed in Bosnia and Herzegovina in the last five years – the latest one in Zvornik in April this year – indicate that this challenge should not be underestimated. It should be in the interest of the whole region and all of Europe to protect the tolerant Islam which is practiced by the majority of the Balkan Muslims. Improving the economic perspective for young people and providing further substantial support for constructive processes in Bosnia and Herzegovina as well as Kosovo could contribute to this goal.

It is obvious that the EU's positive influence and the EU integration perspective are still crucial for achieving new positive steps within the regional relations in South East Europe. If this political leverage would become weaker as a consequence of permanent crises inside the EU, the Western Balkans could fall back into stronger antagonism. Such a development would enable Russia, which does not share all the Western goals in regard to regional consolidation, to increase its influence in this part of Europe. The deepening of cooperation inside the EU is therefore an important condition for continuing successfully with the consolidation of South East Europe.

Croatia's Role in Approaching Regional Security Challenges

Although Croatia is not directly affected by threats that result from the semi-consolidated situation in the Western Balkans, its political and economic interconnectedness with its neighbours makes the full consolidation of this region a priority goal for the youngest EU member state. Together with Austria, Croatia belongs to those countries in the EU that support strongly the admission of further Western Balkan countries into the Union – in particular for the purpose of full regional consolidation. This supportive policy is not self-evident in times of difficult economic developments inside the EU itself and the so called "enlargement fatigue".

Additionally, Croatia plays an important role to convince other NATO members to maintain its open door policy towards Bosnia and Herzegovina, Montenegro and Macedonia, despite or even because of the problems Bosnia and Herzegovina and Macedonia are facing in the Euro-Atlantic integration processes. For the other Western Balkan countries, Croatia in terms of the credibility of the Western integration processes has become a role model – despite the economic turbulences Croatia itself is passing through. Croatia's dedication to strengthen cooperative security in South East Europe is also detectable in regard to its contributions in peace support operations and regional confidence-building structures.

Being the leading nation in a joint regional military team that operates in the scope of NATO's operation "Resolute Support" in Afghanistan, Croatia has connected a peace support agenda with regional security cooperation. The spirit of spreading confidence is also noticeable in the regional security centre RACVIAC in which Croatia is the host country and to which also Austria contributes with military experts.

Croatia's role as a possible "door opener" for the region in regard to the Euro-Atlantic integration and its possible contributions to enhance cooperative security can be supplemented with its role in regard to Bosnia and Herzegovina's consolidation as a state. This role should not mean a direct political interference of Zagreb, but a constructive influence on the political leadership of the Croats in the neighbouring country to find sustaining political solutions with the representatives of the other national communities for the benefit of all citizens. Finally, the EU and NATO can profit from the very satisfying relationship Croatian governments have established on the national level with the Islamic community and dignitaries.

From Regional to Global Security Challenges

Croatia's integration into the EU and NATO has been accompanied by the extension of its security environment. Today Croatia is part of the alliances' system of collective defence and shares – like Austria – the EU's Solidarity Clause and contributes to the Union's Common Security and Defence Policy. Although these substantial changes in regard to Croatia's security context are already highlighted in various security documents and using concrete means on the ground, the challenge remains to raise citizens' awareness of this relevant topic. The critical moments that have already appeared during the Ukraine crisis and which led to growing security concerns in the Baltic partner countries, have brought to our attention the fact that we live in times of shared security. A relevant security arena can be thousands of kilometres away from our own home country.

Croatia that in the early 1990s was the operational area for international peace missions itself in the meanwhile has become a security provider on the regional and global level. This new security identity is not limited to contributions to international Peace Support Operations of the UN in Africa and Asia, the EU Naval Force Operation Atalanta and operations in Afghanistan and Kosovo under the NATO command. Furthermore, this new role for Croatia as an international security provider also means to address increasingly non-traditional security threats, like cyber or terrorist attacks. For that purpose a comprehensive cooperation is needed that must include the bilateral, regional and multilateral level.

Dr. PREDRAG JUREKOVIĆ (predrag.jurekovic@bmlvs.gv.at) has served in different positions as a researcher and analyst at the Austrian Ministry of Defence since 1997. His research interests include transformation of conflicts and peace processes in South East Europe; policy of the EU towards the Western Balkans; instruments for conflict prevention and conflict management; and the application of scenario techniques for conflict research. Dr. Jureković has participated in several research projects dealing with the peace processes in South East Europe (amongst others in a joint project with the German Nobel prize laureate for game theory Reinhard Selten on crisis management in Kosovo) and has numerous publications on the security political development in South East Europe. Since 2003 he has been head of section for conflict analysis at the Institute for Peace Support and Conflict Management at the Austrian National Defence Academy.

Not Your Ambiguous Neighbor: Croatia's Entry to the Euro-Atlantic Security Structures and Serbia

Marko Savković

Croatia's entry into the Euro-Atlantic security structures did not bring the positive outcomes many expected – it did not contribute to the region's stabilization, or had a soothing effect on interethnic relations in Bosnia and Herzegovina; it did not help influence other candidate countries to take their obligations more seriously; and failed to persuade Serbia – the other most important country in the region – to critically reassess its policy toward Euro-Atlantic integration. This paper attempts to analyze why this is so; first, by considering the constellation of power, which lies at the very heart of Serbia's foreign policy; second, by reading through the narrative affecting the relations; and third, by listing the priorities that are currently laid in front of Serbia's political leadership. Finally, we aim to speak more of a low-key positive dynamics which has been largely unnoticed by the ruling elites.

KEY WORDS:

Croatia, Serbia, Euro-Atlantic, integration, NATO, European Union, Russia

Introduction

When Croatia joined the European Union (EU) as its 28th member state in 2013, many welcomed what was felt as a much-needed respite from the doom and gloom of post-recession Europe. After all, it made sense: Croatia's elites were in agreement when it came to strategic priorities; they had met (most of) Croatia's pre-accession obligations, and had steered the country close enough to the standards of a functioning market economy and a consolidated democracy. Also, back in 2009, Croatia became a NATO member, reaffirming the value of that much-debated paradigm where "one membership (NATO) precedes another (EU)". The one promise that this last round of EU enlargement never carried, however, was the quick completion of the accession of the remaining candidate countries. There are at least three sets of reasons for this, and of course, they are all interconnected.

The first one is intrinsic to the nature of membership negotiations, or at least its latest incarnation. Let us consider the approach devised specifically with the Western Balkans in mind, with the most difficult negotiation chapters being "first to be opened and last to be closed". It is not important anymore whether this was done in order not to repeat the mistakes made with Romania and Bulgaria; or – which now seems more likely – to keep member countries in the driving seat. The Western Balkans candidates will now have to contend "with a process (…) managed on a more intergovernmental basis than was the big bang of 2004", one which is going to be "held hostage to selfish bilateral demands" (O'Brennan 2013). We are now parts of an exhausting practice containing – in the European Stability Initiative's estimate – over 70 opportunities for existing members to intervene and stop all progress (Knaus 2014). Therefore, it comes as no surprise that at a press conference following their recent bilateral meeting, Albania and Serbia's prime ministers agreed how they are "fed up with seminars", and what they want now is "progress, not group photos" (EurActiv.com 2015).

The second set of reasons, being excused by EU leaders for years as "enlargement fatigue"[1], is actually more akin to fear – shared among the ruling elites of member countries. There endures a common, and rather stereotypical

1 Jean-Claude Juncker, President of the EU Commission, said at the beginning of his tenure that in the next five years there would be no new enlargement.

perception of the Western Balkans, best summoned in the following words of Dominic Moisi: "The region is a volatile mix of rising nationalism, deep economic frustration, and disillusionment about progress toward membership in the European Union. The potential for a plunge into chaos obliges us to consider once again how best to handle the Balkan tinderbox" (Moisi 2015). An even better leitmotif is the one Moisi actually begins with: "one must Europeanize the Balkans, in order to avoid the Balkanization of Europe", the words he wrote (with Jacques Rupnik) all the way back in 1991. The reasoning is painfully simple: we (the EU) cannot accept you (as members), with all your problems; this is why we have devised the accession process, and why we have been fine-tuning it (making it more complex) ever since. And in the words of Ivan Vejvoda, "the citizens of the region of the Western Balkans as well as their elected administrations are of course not oblivious to the crisis and inward-turning of the EU and its member states" (Foreign Affairs 2015).

Finally, ever since Russia's intervention in the Ukrainian conflict and the annexation of Crimea, we have witnessed the "grand return of geopolitics"[2] to the mainstream political narrative. Authors now pay closer attention to the behaviour of regional and global powers trying to position themselves in the Western Balkans: Russia and China, for several years back; but also, since more recently, Turkey and a host of Gulf States. These countries' approach to Brussels-favoured themes of governance, such as integrity, transparency, or accountability – not to mention rule of law – is often strikingly different than the one advocated by the EU.

Two of Croatia's Experiences Relevant for Serbia: Pre-accession Negotiations and Contribution to ISAF

When Croatia opened its negotiations back in 2005, the EU was a very different entity. It had just completed its most successful round of enlargement. Bulgaria and Romania were about to become members, while Slovenia's integration had shown that a successor state

2 The debate whether this is true or not is of course far from over. For a relatively recent overview, see for instance Orsi 2014.

to Yugoslavia might have a future in the EU (Whitman 2013). Global recession, the Eurozone crisis – were still years away.

However, the process of screening Croatia went through (legislation and administration's capacities), observed through 35 chapters of the EU's acquis "was the most extensive of any EU aspirant state to-date" (Orešković 2014). Negotiations lasted for six years, from October 2005 to June 2011. Yet, they had an effect, as "the accompanying reforms and adjustments were as important to Croatia as membership itself" (Ibid). What Orešković claims Croatia has underwent – the change from "heroic" politics to more "pedestrian" concerns, such as institutional design and regulation – would be a welcome scenario for Serbia as well. Furthermore, and standing in opposition to our previous warning regarding bilateral demands, Croatia has moved forward from an initial reflex "to join the Union and its neighbours to remain outside the EU" (Ibid). It had become clear that regional dynamics would become more predictable only within a European framework, and that Croatia would only benefit from such a development.

The second experience relevant for Serbia – given the country's rising ambitions in global peacekeeping[3] – concerns Croatia's long presence in Afghanistan (International Security Assistance Force - ISAF), where its troops, police officers and diplomats have taken a variety of roles in the previous 12 years. What started as a platoon of military police deployed in Kabul was gradually increased to peak engagement of 350-400 soldiers in early 2013. Now, after three rounds of downsizing (Dalje.com 2012), approximately 100 Croatian soldiers are to remain in Afghanistan as part of the "Resolute Support" mission, to continue with mentoring of Afghan security forces (Dalje.com 2014). Equally important is that Croatia will be leading the "NATO Balkan team" within this new mission, including soldiers from Albania, Bosnia and Herzegovina, Croatia, Macedonia and Montenegro (Tomović 2015).

Simultaneously, Croatia's police officers have been involved with the EUPOL Afghanistan mission; and finally, as early as in 2005, it had a civilian team embedded into the German-led Provincial Reconstruction Team (PRT). Years of experience, then; not to mention activities "at home"

3 An excellent overview of Serbia's Armed Forces (SAF) current engagement is available at a dedicated website (MOD and SAF in Multinational operations 2015).

aimed at supporting the Afghans in matters of governance, i.e. study visits for Afghan civil servants, internships, participation in educational programs, as well as in minor humanitarian projects (French Ministry of Foreign Affairs 2008). All this while Serbia prepares to send its first civilians into a peace operation.

All this said, three important factors remain, influencing the state of relations between Croatia and Serbia: Serbia's foreign policy, which first and foremost reflects internal constellation of power (or power relations); narrative used by political leaders in both countries, primarily for internal political purposes; and a whole host of other, often unrelated issues Belgrade faces at this moment. Lastly, there is a subtle, underlying dynamics that observer's eyes often miss, which speaks of increasing cooperation, interdependence, and interest, and which goes on unaffected by outbursts of nationalism.

Factor 1: Foreign Policy of Serbia as a Reflection of Internal Constellation of Power

As of 2015, the one process Serbia remains fully committed to, and where one may note some continuity, is the cumbersome business of pre-accession negotiations. What strikes us as odd is that none of the three foreign policy "heavyweights" – the Prime Minister, the President or the Foreign Minister of Serbia – remain intimately involved with the process. Rather, they all seem to have their own "playing fields", initiatives or cooperation programs they see as relevant and where they feel most at home; with their views on principal, long-standing issues of Serbia's foreign policy (i.e. regional cooperation; Kosovo; EU membership; relations with Russia) often found to be conflicting –once they step out of these imaginary boundaries. Here we agree with analysts and former diplomats who stress that Serbia's foreign policy is nothing but a reflection of its internal politics, or political disputes[4]; although in our view, "internal constellation of power" is the more exact and thus appropriate term to use.

4 To be fair, this can be said with some degree of accuracy for any country's foreign policy (Stevanović 2015).

For the Prime Minister of Serbia, bilateral clearly comes before multilateral; be it this teacher-student relationship with Germany[5], or attempts at reconciliation with neighbours, who remain doubtful of his good intentions. Foreign Minister has found himself chairing the OSCE, cautiously (and rather successfully) steering (it) away from any controversy, with this organization being the one actor acceptable to all warring parties in Ukraine. The President's approach to foreign policy is deeply entrenched in traditional, 19th century-like perception of friends and foes, with little understanding of the contemporary landscape. However, not only that his mandate is the strongest – the only "heavyweight" elected by the popular vote – he has at his disposal a sizeable apparatus, one feature of Presidency set up by its previous tenant. It remains capable of delivering the President's message into mainstream media through sympathetic editors and journalists; and by a rule, this message is not what decision makers in Brussels or Berlin (or, for that matter, other capitals in the region) would like to hear. The President is wary of European Union membership; he openly expresses understanding for Russia's actions and positions; and holds issues of reconciliation and dealing with (the legacy of) 1990s in low regard.

This complete submission of policy to politics is a constant feature of Serbia's management of foreign affairs; one administration has learned to co-exist with. And this is no wonder: with a structure burdened by political appointments, and entrenched practices of nepotism, the Ministry in charge seems to have lost the internal capacity to ask difficult, yet important questions: are we investing our resources wisely, and where (with whom) do our strategic interests lie.

Now, successive political leaderships haven't really been helpful in this regard. The first real coordinated attempt to define Serbia's strategic interests came as late as in 2007[6], with the process leading up to adoption of its Security Strategy and Defence Strategy (April 2009). The process was steered by the most competent actor at that time, the Ministry of

5 This relationship, which is highly pragmatic taking into consideration how relations between Germany and Serbia have developed through history, is best summoned in the Prime Minister's sentence: "(...) when there is something we don't know, we ask the Germans how it's done and then we do it in that same way" (B92.net 2015a).

6 Serbia - rather unwillingly, as it is well known - became independent in 2006. Previous attempts at defining its strategic interests (2004 Declaration on Accession to the EU, or 2006 Defense White Book) were written at the time of the state union with Montenegro.

Defence, which had at its disposal the necessary human resources, know-how and policy inputs refined through its security and intelligence services. Who would run a similar process in Serbia today is a difficult question to answer, and one that lies beyond the scope of this paper.

Amidst such a surplus of actors, interests and initiatives, some viable and many not, it comes as no surprise that official Belgrade has shown little appreciation of Croatia's role in the region, in lieu of its recent EU and NATO membership. This is a grave omission, given that Croatia remains the most recent member of two alliances many see as inseparable.

Factor 2: the "Cold Peace" Between Belgrade and Zagreb

The second factor why Croatia's entry into the Euro-Atlantic structures has caused no real effect in Belgrade remains the ruling elites' narrative. It is so bad at times that one Belgrade-based foreign policy analyst has recently christened the current state of relations between official Belgrade and Zagreb as a "cold peace" (Stevanović 2015). For instance, back in October 2014, Croatia's former President Josipović expressed the sentiment how "after a period of improvement (of relations), there is now stagnation", a sentiment he described as "general". What lies behind this stagnation is, in his view, fear (Politika online 2014).

After Vučić's February and Dačić's March visit to Zagreb, amidst the atmosphere of post-ICJ ruling, it seemed for a moment that "new life has been breathed into" (RTS 2015a) relations, as Foreign Minister Pusić had said. Again, all the politically correct speech was there: "we should not build our relations on irrational categories (sic!)"; "countries which built the European Union were in war only ten years before"; "what was in the past should not stand in the way of future economic cooperation", and so on (Ibid). However, in one of Pusić's remarks may be a hidden hint of trouble (or pressures) to come. She stressed how Croatia awaits for the opening of chapter 23, since then Serbia should start resolving issues falling within it – precisely the sort of pressure previously quoted O'Brennan was warning against.

Then came along the "rehabilitation" of Colonel Dragoslav Mihailović, leader of the "Yugoslav Army in Homeland" (Jugoslovenska vojska u otadžbini, JVO), better known as the Chetniks. A patriot and martyr for some, a Nazi collaborator and criminal for many, he remained a polarizing figure in his death as he was during his lifetime. Between numerous deliberations of the entire matter, few in our view sounded as convincing as Prof. Vesna Rakić-Vodinelić's: that the entire legal institute of rehabilitation in Serbia, ever since it was introduced in 2006, had more to do with legitimizing certain ideology or the person leading it and, that it was more about revising ("rewriting") history, than correcting historical injustices (Rakić-Vodinelić 2015).

Relations between the two countries will hit rock bottom in the next three months – as anniversaries and commemorations (Bleiburg; Jadovno; Operation Storm) took priority. Narratives employed by political elites on both sides became so conflicting that even naming the 1991-95 conflict proved impossible (Šojić 2015). In our attempt to understand the latest developments, we find one explanation that has been largely overlooked so far. If we think, for instance, of one social science which has been sidelined and (intentionally?) left underdeveloped in this region, it has to be history. To put it simply, both sides were too busy constructing their own mythologies. Let us take into consideration the Operation Storm, which ended the brief existence of the "Krajina Republic". While the Croatian side in its exaltation of the indisputable military success completely overlooks serious crimes that were committed, which – beyond doubt – contributed to Croatian exodus of the Serb population – official Belgrade fails to mention that the Croatian population was first to be "cleansed" from the territories of the newly proclaimed "oblasts" in 1991-1993. Even more intriguing, from the standpoint of this paper, is the frequent omission of the Erdut Agreement and peaceful reintegration of Eastern Slavonia, Baranja and Western Srem (Srijem) into Croatia, which obviously, does not fit into the ruling narrative.

The Croatia vs. Serbia genocide case[7], finally dismissed by the International Court of Justice (ICJ) in February[8], should – paradoxically – provide us with an opening. First of all, the ruling has historical connotations (Opačić 2015). Without specific instances being listed, it is explicitly stated that both sides have committed crimes, and implicitly, that both sides have sought an ethnically homogeneous territory by referring to the (original) verdicts in the cases vs. Gotovina, Markač, Perišić, Stanišić and Simatović. It comes as no surprise then that the ruling was quickly forgotten, buried by mainstream media. Fully accepting it meant – and means today – standing up to the further relativization of crimes and taking full acknowledgment of the policies led during the 1990s.

Factor 3: Priorities That Come First for Serbia

The third factor contributing to this ambiguity concerns the "full plate" of other, more pressing issues being on the Government's menu. First, in our opinion, comes the unemployment[9], especially high among the youth. A challenge shared by all the countries in the region, yet still to provoke a regional response, came to be first and foremost because of poor planning (i.e. a non-existing link between educational institutions and the business community representing the actual needs of the labor market) (Ubović 2014: 5), almost complete failure of the active measures of employment[10], weak domestic demand caused by the drop in real wages and earnings (B92. net 2015 b) all prompting the decline in foreign direct investments (FDI). With youth unemployment reaching 47% in Serbia and 55% in Kosovo (Bibić 2015), some of the countries in the region now count among world leaders in terms of brain drain, which leaves us with one fundamental question: who or what is security for, if there is no one else left to enjoy it?

7 Or, to be more precise (Application of the Convention on the Prevention and Punishment of the Crime of Genocide (Croatia v. Serbia) 2015).

8 See (Application of the Convention on the Prevention and Punishment of the Crime of Genocide (Croatia v. Serbia - 2015).

9 We do believe in the "security-development nexus", but do not claim that one comes before another; rather, one influences another, with both impetus and obstacles being shared.

10 See, for instance a study, (Jovičić, J. and Lazarević, M., 2014).

Deliberately not mentioned here as the first priority, one of the processes to which the Serbian Government will have to devote significant resources is the on-going "normalization" of relations with Kosovo. On it depends the mentioned opening of the chapters 23 and 24 and beginning of Serbia's formal negotiations with the EU, which has – depending on who has the floor – been pushed back and forth from mid- to end-2015 (RTS 2015 b). Kosovo, at the same time, is aiming to sign the Stabilization and Association Agreement with the EU within the same time frame (Hajdari 2015). By the virtue of EU's famous stick-and-carrot approach, these two milestone events have been tied together in one knot. Nevertheless, although new governments have been in place on both sides since last year, little progress has been achieved. For the moment, at least two "bones of contention" remain: the eventual agreement and status of the "Community of Serbian Municipalities" and announced, although far from settled (Zejneli 2015) establishment of the "Special Tribunal", one that would deal exclusively with crimes allegedly committed by the Kosovo Liberation Army. Both issues have already proven deeply divisive for the two societies.

Conclusion: Positive Dynamics Unnoted by the Ruling Elites?

Simultaneously, Serbian-Croatian relations are characterized by an accelerated, positive dynamics largely ignored by the elites – and maybe for the better. For instance, the Inter-State Commission on the return of cultural artefacts (dislocated in the war) has as of recently achieved great progress in its work. Intellectual exchange – which almost never ceased to be – depicts, in the words of famous (Serbo-Croatian!) writer Bora Ćosić the "fatal attraction" between the two cultures. Finally, there is a rising number of young urban professionals (so-called "yuppies") employed in creative professions originating from, for instance Zagreb while working in Belgrade (and the other way around). As the two countries lose parts of their human potential to Western Europe and the United States (which seems inevitable), other young people will take their place, without thinking too much of politics.

All this should not be that surprising, after all. Serbs and Croats are two nations with shared sensibility, who had the historical misfortune to be in each other's way in the process of nation and state-building. As their relations further develop, an ever important role will be played by the dominant discourse. Young people who are now entering faculties, or graduating – have no memories of war. This is why the responsibility of the generation which witnessed it, or had taken part in it – is even greater.

There are, however, some notable differences and thus limitations to the transfer of the gained know-how. Croatia may have well been the last country to join the EU under the "traditional" conditionality principle. Now, for Serbia and Kosovo, conditionality has become embedded to the negotiating framework ("chapter 35"). Second, in relation to Croatia's contribution to ISAF, Serbia's elites have long opposed to siding with NATO in any operation, despite taking part in the Partnership for Peace for almost a decade, and going through the Individual Partnership Action Plan.

As discussed previously, a "FP review" could be a step in the right direction for Serbia. There are several aspects of it, which seem important to us. First, those leading it could make it more inclusive, since there are more and more actors willing to engage, be it up-and-coming think tanks, journalists trying to specialize in a given field of policy, new media outlets, bilateral and regional chamber(s) of commerce, and even new study programs at some universities. Second, there is no need to "rush" things. Germany's foreign policy review lasted for a full year. Taking into consideration that Serbia has remained "strategically ambiguous" for almost a decade, one more year would not consider a problem, as long as all aspects are carefully thought through.

Finally, all said aside, it remains fascinating just how different the full complexity of Serbian-Croatian relations is to the mainstream political narrative. While politicians remain engaged in their own little war regarding interpretations of modern history, young specialists from Zagreb are seeking employment in Belgrade and vice-versa; cultural exchange is growing strong; companies – not only the big players – are seeking their share of the market. Civil societies in both countries must make sure that those who are in charge pay greater notice to this dynamics.

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MARKO SAVKOVIĆ, M.Phil. (msavkovic@bfpe.org) worked at the Belgrade Centre for Security Policy as a researcher (2006-2013) and public relations officer (2009-2012). He completed his M. Phil. Degree at the Belgrade Faculty of Political Science, where he also earned his undergraduate degree in 2005. His areas of research interest include accountability and transparency in the security sector, peace support operations, the politics of EU security, and defence in the Western Balkans. Savković's papers were published in the academic journals Western Balkans Security Observer, Military Papers (Vojno delo), The Security Review (Revija za bezbednost) and International Politics (Međunarodna politika), as well as the magazines Defence (Odbrana) and European Papers (Evropske sveske). He has written a chapter on Kosovo-Serbia relations in "Panorama of Global Security environment" of Slovakia's CENAA. Also, Savković coordinated the project "School for European Security" from November 2008 until November 2009 and co-authored the Pojmovnik evropske bezbednosti (Glossary of European Security).

ISIS in Indonesia: Its Development and the Government's Policy to Tackle Its Spread and Terror

Didit Herdiawan

One of the themes of this conference highlights that ISIS is the global threat and brings some consequences on the potential radicalization of the significant portion of population or certain ethnic groups in the region. I will present the situation of ISIS in Indonesia and the Government's policy to handle its spread and terror. I would like to share some of our experience relating to the threat of ISIS in our country as well as our efforts to handle this important issue.

I will start with a brief background of the rise of ISIS in the Middle East and highlight some of the organization's latest activities that will be followed by a brief explanation on Indonesia, which has the world's largest Muslim population. Then I will explain the implication of ISIS activities in my country and share the policies of the Government of Indonesia for managing this threat.

Considering the abundant references and writings on the rise of ISIS, I would only point out some incidents that I find to be significant. The first is the fall of Saddam Hussein in Iraq on 18 March 2003. The United States and its allies ended the regime and brought the country to the devastating reality that it must build itself again from pieces. Being a country of multiple ethnicities, such process could never be easy. The emergence of small armed groups using guerrilla tactics and strategies to protect one against another as well as the invasion of foreign troops have complicated the process. Their militancy grew stronger as they believed outsiders would only destroy the ideology and the culture of their homeland.

Map of Middle East

We now go to the birth of the Mujahedeen Shura Council on 15 August 2005 and later on 13 October 2006, the declaration of the Islamic State of Iraq or ISI under the leadership of Abu Umar al-Baghdadi as the Emir. The change of leadership of this group occurred on 15 May 2010 in the midst of the Arab Spring. As we know, the Arab Spring brought about changes in the countries of the Middle East, starting from Egypt, Tunisia and Libya. But I will put my attention to the massive anti-Bashar demonstrations in Syria and the use of force by the pro-Bashar Syrian military. The anti-Bashar movement then created armed militias and received donations of money and arms from abroad for various reasons and interests. They were then able to control a number of areas along the country’s border with Iraq.

The next movement was on 9 April 2013 when these anti-Bashar armed groups decided to join ISI under the Islamic State of Iraq and Sham (ISIS) led by Abu Bakar al-Baghdadi. A year later the group then proclaimed itself as the world's caliphate under the leadership of a Caliph, none other than Abu Bakar al-Baghdadi. The goal of this self-proclaimed caliphate is to control the Levant region or the Sham, which historically covers a large part of the Middle East, from Iraq to the Hatay Province in Turkey.

In 2014 the CIA reported that ISIS has around twenty thousand to thirty one thousand five hundred fighters. But there are other reports that stated the organization may well have around fifty thousand fighters. Some of them are foreigners, or better known as Foreign Terrorist Fighters or FTF. This has become a great concern for many countries in the world, having their citizens to take part in the ISIS terror campaigns and the fact that they may return to their countries with such experience and ideology. According to the May 2014 issue of the Economist, around 12,000 FTF from 81 different countries have joined ISIS. The International Centre for the Study of Radicalization and Political Violence (ICSR) reported this January that there were 20,000 foreign fighters fighting for ISIS or Al-Qaida in Iraq and Syria; a record for any conflict post 1945.

With an immense source of funding, ISIS could take on any kind of attack, from suicide bombs to more sophisticated attack and killing methods. The implications of such capability are dire. According to the United Nations, until 2014, around 2,400 Iraqis have been killed by ISIS and more than 30,000 Syrians have evacuated their homeland. These numbers may rise as the attacks and activities that threaten every country that are considered against the establishment of a single global caliphate remains significant.

This entity is moving in a rapid manner. On 21 May this year, after seizing control upon the old city of Palmyra in Syria, ISIS is now in control of the Iraq-Syria borders, from Al-Tanaf to Al-Walid; therefore, both Iraq and Syria are no longer in control of their respective land borders. They could no longer access the roads that connect Damascus in Syria to Baghdad in Iraq. The next day, as reported by Reuters, a suicide bomb supported by ISIS exploded in the Shiites' mosque in the village of al-Qameeh, Saudi Arabia during Friday prayers, killing 21 people and injuring 90.

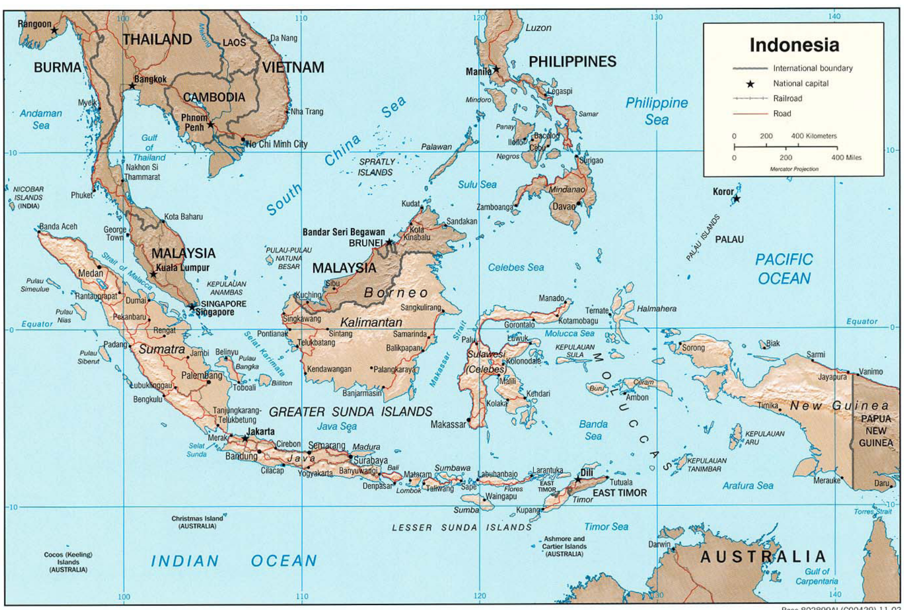
ISIS is a threat to all countries in the world; hence requiring international action. In this case the United Nations has taken a number of initiatives. On 14 May 2014, ISIS (also known as ISIL) and Al-Nusra Front were declared as part of the Al-Qaida Sanctions List. The UN Secretary General stated that, and I quote, "strongly condemns the upsurge of violence in Iraq at the hands of terrorist groups including the Islamic State of Iraq and the Levant (ISIL), which have reportedly taken control of the cities of Mosul, Tuz Khourmatu, Beiji and Tikrit" in his statement on 11 June 2014, followed by a press statement by the UN Security Council, which also condemns the attack in Mosul; expresses its deepest concerns to the hundreds of thousands of refugees from the area; condemns the hostage taking of Turkish diplomats in the city; and for UN member countries to implement UN Security Council Resolution Number 1267 (1999) and 1989 (2011). FTF was noted in the outcomes of the Fourth Review of the UN Global Counter-Terrorism Strategy (GCTS) in New York. Finally, the UN Security Council adopted the Resolution Number 2170, condemning systematic and widespread abuses of human rights and international humanitarian law by ISIS and Al-Nusra Front as well as underlined the responsibility of the UN member states to protect civilians.

The United States has taken the lead in fighting ISIS by launching air strikes along with its allies. Earlier this month, these countries convened in a conference in Paris hosted by the United States and France. Although Deputy Secretary of State Tony Blinken stated that the allied raids have killed 10,000 ISIS fighters since its first launch in September last year, some believe that the issue still requires greater effort and involvement of the international community.

Before I touch on the subject of Indonesia's policy on the threat of ISIS, I would like to give general understanding about this country. Indonesia is an archipelagic state with more than seventeen thousand islands and a population of 250 million people, most of whom are Muslims. As for ISIS, having the world's largest Muslim population means that Indonesia is a very attractive country for this organization to gather supporters, fighters as well as to spread its ideology and beliefs.

Indonesia is neither a state of a particular religion nor it is secular. We are a nation state, and a peace loving one. With more than 350 ethnicities, six religions and beliefs, various customs and traditions, Indonesia is based on the principles of unity and togetherness under the 1945 Constitutions and Pancasila or our Five Basic Principles. We value our customs, traditions and history. It is, therefore, evident that ISIS is a real threat to our diversity and plurality.

Map of Indonesia



Yet ISIS has spread its influences all the way to Indonesia. There are official reports on the participation of Indonesian citizens in ISIS. According to a report from Iraq's Ministry of Foreign Affairs in 2014, around 60 Indonesians are involved in ISIS activities in Iraq and Syria. On 13 August 2014 we understand around 56 Indonesians have joined ISIS and four of them died. Our Istanbul Consulate has reported the disappearance of 16 Indonesians to the city's Terrorism Unit on 26 February 2015. It is estimated around a thousand Indonesians have been or are currently participating in the activities of ISIS or other groups in Iraq and Syria. Some of them went through Turkey or Lebanon from Indonesia, while others departed from countries where they are studying or working using proper documents.

ISIS has utilized various means to attract fighters and supporters in Indonesia, including blogs and social media. We have seen a number of declarations of support around Indonesia, both groups and individuals, particularly after the announcement of the Caliphate. Although the numbers are very small compared to Indonesia's population, this kind of activity could easily hamper Indonesia's way of life as well as its national resilience and security. On the other hand, as long as these supporters are not proven to conduct terror-related activities, there is not much that can be done under our national laws. We have, however, found some connections between terrorist groups in Indonesia with ISIS. The national police captured three Turkish nationals and three Indonesians in Central Sulawesi in September last year, believed to have connections to terrorist groups and ISIS.

The Indonesian Government's position on ISIS is very simple; we do not support such terror acts and we condemn all ISIS activities. We do not support any act that claims to uphold Islam by persecuting, killing and terrorizing others. It is against our 1945 Constitutions and Pancasila. In August 2014 our sixth president, Dr. Susilo Bambang Yudhoyono, called ISIS an "embarrassment" to Islam and urged international leaders to work together to fight against such radicalism. Religious leaders have expressed their rejection to such activities, particularly from Indonesia's influential Muslim leaders. Nahdlatul Ulama, one of Indonesia's biggest Islamic organizations has stated that ISIS practices are against the values of Islam and would have negative implications to Indonesia's religious tolerance. Muhammadiyah, another influential Islamic organization has warned the Indonesian Government about the danger of ISIS.

In regards to our policy on the ISIS threat, we take on both national and international approaches. First, I would like to present our policies on the national level, based on the meeting of related ministries under the Coordinating Minister for Political, Legal and Security Affairs on 4 August 2014.

Firstly, we declare that the ISIS ideology is against the ideology of the Unitary State of the Republic of Indonesia; therefore Indonesia rejects and condemns all ISIS activities on Indonesia's territory.

Secondly, we immediately strengthen coordination and efforts among related ministries and the National Police to prevent Indonesians joining ISIS and the war in Iraq and Syria as well as monitor the return of FTF to Indonesia. Related agencies are directed to detect and prevent the movement of FTF from Indonesia. Ministry of Foreign Affairs of the Republic of Indonesia issued a Diplomatic Note to the embassies of seventeen Middle Eastern countries in Jakarta to be more cautious in issuing visas for suspected Indonesians wanting to leave for the Middle East to support ISIS. We have also issued a travel warning to Iraq and Syria.

Thirdly, since ISIS uses the Internet and social media as a means to attract supporters and fighters, we have also taken a number of actions. Our Ministry of Communications and Information blocks ISIS-related sites on the Internet to decrease its spread among Muslims in Indonesia. The Ministry of Religious Affairs have also conducted socialization on how all activities that support ISIS and its ideology are against the values of Pancasila and that the involvement of Indonesian citizens in the efforts to bring down foreign government may result in losing citizenship. Through various programs we are also increasing better understanding of Islam and Pancasila among the people of Indonesia, particularly Muslims.

Finally, on law enforcement, the Government has issued a number of laws on terrorism, terrorism funding as well as citizenship. It is also currently undergoing the process of ratifying terrorism-related international conventions and protocols. At the same time, we have also prepared rehabilitation programs for Indonesians who have participated in ISIS activities.

On the international level, Indonesia is committed to cooperate and coordinate with countries in the world to decrease the influence and development of ISIS. We are actively involved in the discussions on the FTF issues through the UN forums, the Global Counter-Terrorism Forum as well as bilateral and regional ones. We also closely cooperate and coordinate with countries in the Middle East through information sharing and exchange, particularly to increase visa issuance monitoring. We are also open to cooperation with other countries for both capacity building and technical aspects to tackle the underlying causes of terrorism through education, development of good governance as well as reducing poverty and improving the quality of health.

My country believes that terrorism could not be eradicated by forceful means alone. To ensure that humanity is free from such terrifying and brutal acts, we must also deal with the roots of terrorism: extremist ideology, abandonment, poverty and social disparity, social unrest, regional conflict and the Palestinian issue.

But terrorism is not about religion. Indonesia strongly objects to any effort to entail any acts of terrorism, including ISIS, with a particular race, religion or ethnicity. We are committed to eradicate terrorism by upholding national and international law, to cooperate and abide to the principles of international law and human rights.

Hence, Indonesia supports and urges all nations to take part in international dialogues and cooperation to break down the roots of terrorism. Facing such extremists, we would need to strengthen our voice of moderation all around the world. This would require the support of the media to improve tolerance among different cultures, religions and nations.

We can draw a number of conclusions. First, it is clear that Indonesia rejects all activities and the ideology of ISIS to develop further in Indonesia and the world, and we condemn the killings of innocent people in Iraq and Syria through acts of terror and violence.

Second, Indonesia is aware that it is a very promising source of supporters and fighters of ISIS. The organization has expanded its network to our country. Some have expressed their support and some are actively engaged in Iraq and Syria. Nevertheless, Indonesia is a peace-loving country, and such extreme ideology disrupts the very foundation of our unity and diversity. We have taken swift measures and actions, both at national and international levels, which I have shared previously.

Third, terrorism is not about religion. Therefore, it is paramount that we together eradicate the roots of terrorism and not only rely on forceful means of dismantling and killing terrorist networks. International cooperation and dialogues are the key instruments. As long as there is injustice or a deep discrepancy in society and economy, terrorism may live and thrive. The National Resilience Institute of the Republic of Indonesia (Lemhannas RI) through its programs in education, research, and publication continues to promote national alertness and intelligence for the implementation of national interests and integrity. Without such alertness in action, radicalism and terrorism are actually and potentially threatening the nations and the globe, individually and organizationally. Thus, it is crucial to create mutual engagement among nations and actors to strengthen national, regional, and global resilience and security in coping with any radicalism and any types of terrorism unless they are harmful to the lives and welfare of human beings.

Dr. DIDIT HERDIAWAN (wagub@lemhannas.go.id) is Vice Governor of the National Resilience Institute (Indonesia, Lemhannas RI), and holds the rank of Vice Admiral. To date, he served at more than twenty posts and was awarded more than twenty grace medals. From 2004 until 2009 he served as aide to Indonesian President Susilo Bambang Yudhoyono and from 2014 to 2015 as Vice Chief of Staff of the Navy. He graduated from the Navy Military Academy in 1984 (29th Promotion). Dr. Herdiawan earned his MA in Business Administration in 1990 and obtained his PhD in Business Management from Bogor Institute of Agriculture (Institut Pertanian Bogor) in 2015 with a dissertation on the roles of maritime industry in food distribution with the aim of strengthening national food resilience. He is the author of Radicalism and Food Resilience, Business Management, and Maritime Industry and National Food Resilience.