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Is Europe a Risk Averse Actor?

ZAKI LAÏDI*

Abstract. This article makes the hypothesis that the European Union (EU) is a political actor whose identity and strategy on the international field are based on a strong aversion towards risk. In order to follow this hypothesis, we will define the exact meaning of a Risk Averse Power (RAP). Roughly speaking, an RAP can be defined as an international actor that defines and responds to the political stakes of a given identified risk in terms of a will to reduce its uncertainties and uncontrollable effects. Then, in the absence of any existing composite index, we propose five criteria for measuring this risk aversion: job loss risk, biotechnology risks, climate change risk, financial risks, and risk of war. In the next section, we attempt to explain why Europe is risk averse, through various factors: Europe's non-state construction, the existence of a deliberative European political space, Europe's social model aiming towards market risk minimization, and, finally, the end of the need for an Empire. Finally, we determine the broader implications of risk aversion for Europe as a global actor.

I Introduction

Risk has been largely treated by sociologists.¹ However, international relations have been less concerned by the issue except when dealing with decision-making processes in foreign policy. The perspective offered here is very different. It aims at defining risk aversion as a political identity that is expressed at the global level by an actor like the European Union (EU). This is of course a hypothesis on which a lot of research needs to be conducted. However, at this stage, we would like to make some assumptions in answering the following questions: What do we really mean by a risk aversion? In which areas risk aversion is significant for the EU? How will we measure it? What are the implications for the EU in a world in which traditional nation states are dominating the multipolar chessboard and seem ready to take risks. Those questions are not purely theoretical. The terrible performance of the EU at Copenhagen revealed its weakness in a world driven by power politics and in which risk aversion cannot dispense an international actor from having a political strategy.

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¹ Among them, U. Beck, *Risk Society. Towards a New Modernity* (London: Sage, 1997); M. Douglas & A. Widalsky, *Risk and Culture* (Berkeley: University of California Press, 1983); J. Franklin (ed.), *The Politics of Risk Society* (Cambridge: Polity Press, 1998); B. Latour, *Politiques de la nature. Comment faire entrer les sciences en démocratie* (Paris: La Découverte, 1999).

II What Risk Aversion Means?

A Risk Averse Actor (RAA) can be defined as an international actor that defines and responds to the political stakes of a given identified risk in terms of a will to reduce its uncertainties and uncontrollable effects.² Indeed, each international actor might be considered an RAA since faced with a decision, it assesses its costs and benefits before acting. Even North Korea weighs the costs and benefits of launching missile strikes on Japan. However, risk aversion is not a simple matter of rationality; it is also a matter of identity. This being said, we can say that an actor evinces strong risk aversion in the following cases:

The RAA tends, more than others, to steer clear of using force when faced with conflicts within the international system. The actor will reject the use of force outright and propose a cooperative alternative. Therefore, the actor generally accords greater import to civilian systemic risks than military risks. For example, in ranking their eight major perceived risks, Europeans place armed conflict and nuclear proliferation in the sixth and eighth spots, respectively, while global poverty and climate change rank first and second.³

The RAA insists, more than others, on the indivisibility of systemic risks between actors. In doing so, the actor encourages joint, cooperative practices rather than emphasizing those tending towards confrontation and unilateralism. The actor is particularly interested in protecting ‘global public goods’ and limiting the hardships of ‘global public bads’ through civilian and normative procedures.⁴

The RAA tends, more than others, to call for the actualization of global norms already legitimized by international institutions. Such an actualization would, in the view of the actor, reduce the most significant global risks.

Does the RAA hypothesis differ from the more traditional Soft Power definition? Yes, because it is wider and more precise. Much wider, because a Risk Averse Power (RAP) deals not only with internal concerns (the aversion to Genetically Modified Organism (GMOs), for example) but also with external ones (risk of armed conflict). An RAA considers dimensions that a Soft Power generally does not. Europe’s aversion to biotechnological risks, or to financial instability, tells us much about the EU’s relation to risk. Such risk aversion allows us to make hypotheses and to draw conclusions about Europe’s behaviour on the international stage. In contrast, the Soft Power model takes into account only risks related to war and peace.

An RAA, then, can be characterized by its determination to reduce the ‘risky behaviours’ of state actors. In this perspective, it aims to integrate their actions within a normative framework tending at constraining their actions and making

² O. Borraz, *Les politiques du risque* (Paris: Sciences Po Les Presses, 2008).

³ Eurobarometer, ‘Europeans’ Attitudes towards Climate Change, Special Eurobarometer 313, Fieldwork January–February 2009’, <http://ec.europa.eu/public_opinion/archives/ebs/ebs_313_en.pdf>, July 2009.

⁴ Z. Laïdi, *Norms over Force, the Enigma of European Power* (New York: Palgrave Macmillan, 2008).

them more predictable. It should be noted that an RAP can only truly exist in a democratic political system where public deliberation plays a crucial role in evaluating risks. Naturally, the extent of public opinion involvement varies according to the subject at hand. Yet public opinion remains essential insofar as risk aversion illustrates marked social preferences. Aversion to the risk of war shows a strong preference for peaceful conflict settlements; aversion to food safety risks is related to a strong preference for the precautionary principle, and so on.

Assuming the existence of three major systemic risks in the world system – environmental risks, market risks, and war-related risks (war, weapons of mass destruction) – we posit that the EU and/or the European Member States manifest, generally speaking, a stronger aversion towards these risks than the United States, China, and Russia. European risk aversion is manifested in the following ways:

- Strong aversion towards environmental risks, demonstrated by a demand for more stringent and numerous international norms than those of other political actors.
- Proposals for stricter market finance regulation than those of other nations (United States, emerging countries).
- Marked reluctance as regards the use of military force (Europe never speaks of war or enemies) in spite of strong national differences on the issue.

III How Can Risk Aversion Be Measured?

There is no composite index that would allow us to compare risk aversion between different actors (Europe versus the United States, for example). However, there are a certain number of relevant indices that allow us to measure aversion to risk. For the EU, we can identify five such indices: (A) biotechnology risks, (B) climate change risk, (C) financial risks, and (D) risk of war.

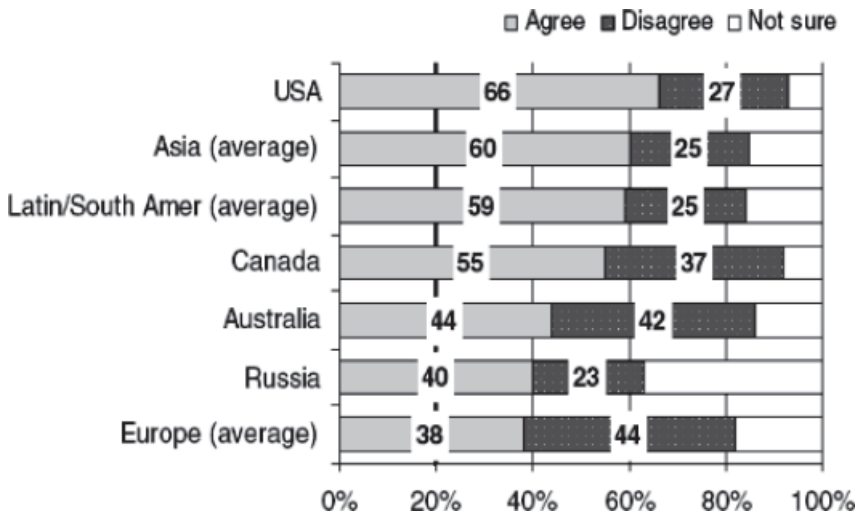
1. *Biotechnology Risks*

Europeans do not manifest a specific or stronger aversion to risk vis-à-vis biotechnologies than other world regions might. For issues of gene therapy, nanotechnology, and genetic pharmacology, potential risk aversion is significantly discounted by the perceived social utility of the particular biotechnology. Risk aversion is also discounted by the moral acceptability of the technology and by the confidence that a European population might have in the capacities for regulating it.⁵ European optimism regarding biotechnology has markedly increased since 2002, after an obvious decrease during the 1990s. Even so, European risk aversion towards GMOs remains strong and persistent. In a 2007 Eurobarometer study, 58% of Europeans expressed a negative attitude towards GMO products. This figure has

⁵ Eurobarometer, <http://ec.europa.eu/public_opinion/quali/ql_science_en.pdf>, 2007.

been relatively stable throughout the years, whereas the general confidence in biotechnologies has significantly increased. Indeed, there are still national differences that prove considerable. However, none of these differences act according to any principle of predictability. From an overall standpoint, for example, the new Member States do not manifest more tolerance to GMOs than the other states. The strongest hostilities towards GMOs can be found among new Member States as different as Slovenia and Cyprus. By the same token, the least hostility is also discernible in new Member States such as Malta. The national differences in conceptions of GMOs are therefore neither political nor historical. They are also not, for that matter, geographical. Risk aversion to GMOs is much stronger in Cyprus and in Greece than in Germany or Denmark. However, international comparative studies clearly indicate that Europeans, taken as a whole, are far from being the most hostile towards GMO products.

The proportion of people agreeing or disagreeing with the statement ‘The benefits of biotechnology to create food crops that do not require chemical pesticides are greater than the risks’ are shown as follows:



Source: *The Environics International Poll of 2000, International Environmental Monitor 2000* (Toronto, Canada, 2000).

For certain authors inclined towards comparative studies of Europe and the United States, it is not possible to conclude that Europeans are more risk averse than Americans, because areas exist in which the latter population is more risk averse than the former (air pollution). European risk aversion is stronger in all areas linked to food production.⁶ This being so, the aversion to GMOs has

⁶ J.B. Wiener & M.D. Rogers, ‘Comparing Precaution in the United States and Europe’, *Journal of Risk Research* 5, no. 4 (2002): 317–349.

certain implications for international trade that are clearly absent in the case of air pollution. This explains the dissimilarity between European and US political behaviour in the past several years each time risk regulation comes to the fore in international discussions. Europeans continue to lobby for recognition of the precautionary principle by the World Trade Organization (WTO). The United States, on the contrary, remains strongly hostile to the same principle. These particular divergences were articulated at the Convention on Biological Diversity as well as within WTO forums. They originate in each nation's approach to risk evaluation. The United States relies on risk evaluation that can be scientifically measured (sound science), whereas Europeans insist on risks resulting from the *uncertainty* of scientific results. The United States tends to base its decisions on what is already known – or what can ultimately be known – where Europeans prefer to approach decision-making processes that favour precisely what is *not* known. Americans are interested in final products; Europeans insist on considering production processes. As a result, the United States tends to consider that GMO-altered products are not substantially different from the original products, whereas Europeans consider such products to be fundamentally altered by GMO introduction.⁷ At the signing of the Cartagena Convention on Biosafety in 1998, the Europeans seem to have scored a point in winning recognition for the precautionary principle as an international principle.⁸ However, within the WTO, progress has been much slower. The United States deems the Sanitary and Phytosanitary (SPS) legislation sufficient to regulate risks, whereas Europeans want to go much further in ultimately securing formal recognition of the precautionary principle. There are no indications for European progress on this project. On the contrary, in fact, there are several reasons for this. First, the global trade agenda has become so weighty that it is now more and more difficult to add items to it. This is especially true given that the new WTO actors – emerging countries – are fiercely opposed to all propositions that appear to want to limit trade. For the second reason, we must recognize that these questions should be approached on regulated, case-by-case bases. We cannot answer such questions on the basis of a constraining international agreement, but rather by jurisprudential means such as the WTO dispute settlement procedures.

Over time, the WTO has evolved, ultimately becoming exceedingly sensitive to general shifts and developments. In the past, WTO jurisprudence tended towards a restrictive interpretation of Article XX GATT, which serves to define exceptions to international trade regulation. More recently, the WTO has stepped beyond a purely clinical interpretation of Article XX; now it takes other parameters, like environmental defence, into consideration. For the first time, a WTO

⁷ M. Pollack & Greg Schaffer, *When Cooperation Fails: The International Law and Politics of Genetically Modified Foods* (Oxford: Oxford University Press, 2009).

⁸ R. Falkner, 'Regulating Biotech Trade: The Cartagena Protocol on Biosafety', *International Affairs/RIIA* 76, no. 2 (2000): 299–313.

panel recognized the right of a Member State to invoke climate change risk as its justification for limiting particular imports into the country. The irony of history has it that the case in question was presented against the EU (*Brazil v. the European Union*). Indeed, the evolution of WTO jurisprudence has not been linear. Perhaps, though, it shows that international trade regulation can progress without the need for additional norms.

2. Climate Change Risk

Climate change risk aversion can be measured in at least three fashions:

- By comparing the relative importance Europeans attribute to climate change risks as compared to other risks.
- By examining the agreements, notably in terms of economic growth, that Europeans are willing to make in order to combat climate change.
- By examining the concrete actions Europeans have taken on the international stage in order to fight climate change, even in light of potential economic costs should no international agreement be reached.

Europeans' particular evaluation of climate change risk becomes clear when one examines the measure of importance accorded to it. Such an evaluation is rendered clearer when climate change risk is compared with other possible risks. When Europeans were asked to identify the most serious among seven major risks, climate change appeared in second place.

Evidently, climate change risk aversion is perceived differently among the EU Member States. However, we can effectively point out that it is stronger in Scandinavian countries than in new Member States or in southern Europe. There are, as

European Opinion-Based Evaluation of Systemic Risks
(in Descending Order)

(1) Poverty and lack of drinking water	69%
(2) Climate change risk	47%
(3) Economic crisis	39%
(4) International terrorism	35%
(5) Spread of infectious disease	32%
(6) Armed conflicts	29%
(7) Increasing world population	24%
(8) Proliferation of nuclear weapons	15%

Source: Eurobarometer, 'Europeans' Attitudes towards Climate Change, Special Eurobarometer 313 (January–February 2009)'.

always, exceptions to this observation. Of all the European states, Slovenia is the most concerned by climate change issues. Unlike other southern European countries such as Portugal, Greece also demonstrates a significant degree of concern. This kind of heterogeneity renders difficult the construction of a unified European political position for international negotiations. Despite having presented a common political offer regarding greenhouse gas reductions, Europeans still have trouble deciding how to apportion reductions among Member States such that the common goal might be reached. There is also difficulty reaching consensus on how to finance climate change combat in developing countries. Reluctance to reduce emissions, as well as reluctance to offer support for developing countries, comes largely from new Member States whose economies are more carbon-intensive than those of older states. As a result, new Member States do not deem the problem as sufficiently serious. Often, these same states also lack the resources necessary to finance reductions.

There are no international comparative studies that would allow for a term-by-term comparison of climate change risk evaluation in relation to other risks in other world regions. However, we can reference opinion-based studies indicating the kind of balances that particular societies are willing to accept between economic growth and climate change.

In response to the affirmation, ‘We should maximize economic growth even if it would hurt efforts to combat climate change’, the following figures result:

EU-12	21%
United States	40%

Source: German Marshall Fund of the United States (GMF), *Transatlantic Trends, Topline Data* (Chicago, 2009), <www.gmfus.org/trends/2009/docs/2009_English_Top.pdf>.

Clearly, Americans are twice as ready as Europeans to sacrifice climate change in favour of economic growth. This figure is a significant indication of Europe’s and the US’s relationship to climate change. There is a third way of approaching the question of climate change risk aversion as regards the European population: we can compare the EU’s official commitments to reducing greenhouse gas emissions with their economic costs. Logically, a country or group of countries for which a failed international agreement would lead to a dramatic drop in gross domestic product (GDP) would be most likely to propose ambitious goals as regards climate change. Inversely, a country or group of countries for which failure to reach an international agreement would not significantly harm that country’s economy would be most likely to propose a more modest engagement. We can say of a country or a group of countries, then, that an actor manifests strong climate change risk aversion when its international commitments outweigh the economic costs (relative to other countries) that global warming potentially presents.

Climate Change: Economic Costs and Unilateral Commitments

Economic Impact on GDP¹	Copenhagen Commitments
United States: -0.1%	-4%*
China: -0.9%	+79%**
Europe: -1%	-20%***
India: -3%	Uncommitted****
Africa: -4%	Uncommitted

¹ Impact in the context of a hypothetical respect for the 2/2.5 °C temperature target. The figures are average numbers and thus do not take into consideration the discrepancies between the strongest and weakest estimations. The discrepancies are especially marked for developing countries: because of the uncertainty in assessment, risk is always higher for these countries.

Notes:

* The United States officially committed to a 17% greenhouse gas reduction by 2020 from 2005 levels. If we compare this figure with Europe's base year (1990), however, this 17% represents only a 4% reduction.

** China has not officially committed to reduce its greenhouse gas emissions. Rather, it has committed to a strong reduction in energy intensity. According to certain Organisation for Economic Co-operation and Development (OECD) estimates, such a reduction would lead to a 79% emissions increase between 2005 and 2020. This major increase would nevertheless ultimately decelerate the growth of greenhouse gas effects. At the same time, it is important to remember that, per capita, Chinese emissions remain relatively low.

*** The base year for Europe's measurements is 1990.

**** India is committed to an intensity energy target that goes beyond the business as usual path. Therefore, it can be considered as a very weak commitment or as non-commitment. Source: OECD, *The Economics of Climate Change Mitigation. Policies and Option for Global Action beyond 2012* (2009) and interviews.

Undoubtedly, these figures reveal a very strong aversion to climate change risk on the part of Europeans. The unilateral commitments they are willing to make are proportionally much higher than those of other countries or world regions. This is true if one compares Europe's commitments with the risks that it would run presuming an agreement is met. In other words, Europe appears to be strongly committed to fight climate change even in light of its modest vulnerability to climate change effects, compared to other world regions. However, if Europe's Copenhagen commitments seem ambitious – more ambitious, it is true, than those of the United States – it is also because it is less expensive to reduce greenhouse gas emissions in Europe than in other world regions. In the United States, a 4% emissions reduction for 2020 would cost just as much as a 20% reduction for Europe for 2020. It is therefore only possible to compare emissions reduction commitments on the basis of the economic costs faced by each nation. If Europe proclaims to be governing by example on this subject, we must understand that it can afford to do so because its adaptation costs are the lowest. Therefore, environmental risk aversion on the part of Europeans is especially strong, since their economic risk remains relatively low. The reasoning given here for the United States can also be applied to emerging countries. If countries like India have shown reluctance

to commit to emissions reductions despite their considerable economic risks, we might conclude that risk aversion is weaker on the part of Indians than on the part of Europeans. However, this interpretation would have to be qualified by another interpretation: for Indians, it is the Western nations that should make significant reductions efforts, since it is they who have, historically, been responsible for causing global warming.

3. *Financial Risk*

There are several ways to gauge financial-based risk. One of them consists in comparing the structure of household financial assets. Indeed, the more households that take risky assets, the weaker is their aversion to risk. The inverse is naturally true. Low-risk savings generally include bank investments and life insurance contracts, whereas high-risk savings essentially deal with stock market shares. The fewer stock market shares held by a given actor, the higher that actor's aversion to financial risk. The contrast between the United States and Europe is indisputable in this sphere.

Stock Market Shares as a Percentage
of Total Net Household Assets

France	3.4%
Germany	6.7%
United Kingdom	8.8%
Spain	10.7%
United States	17.9%

Source: Autorité des marchés financiers, *Lettre Economique et Financière Printemps* (2009);
DRAI, Département des études.

These figures are confirmed by other indicators such as the net household savings ratio, which stands at 9.6% compared to 2.4% for the United States. These two ratios illustrate the vast contrast in precaution and risk aversion on either side of the Atlantic. Since the 2008 financial crisis, the US's net household savings ratio has increased to 4%, whereas for EU countries it has remained at 9.8%. The discrepancy between the EU and US rates remains considerable. The discrepancy is even more significant than the figures suggest, because retirement and health plans are generally public in Europe, but private in the United Kingdom and the United States. Logically speaking, since risks of old age and health are socialized in Europe, Europeans should tend to save less than Americans. The case is, however, precisely the opposite. Given these facts, we comprehend that by and large, Europe claims stricter market finance regulation, even given the British exception.

4. *Risk of War*

There are several means of expressing aversion to the risk of war.

(1) An actor might increase its military efforts in order to deter potential adversaries. Conversely, an actor might limit its defence efforts in the hope of encouraging other actors to do the same ('disarmament race'). The second approach has clearly been the favourite of most Europeans. Currently, the European Member States allocate no more than 1.69% of its gross national product for military expenses, where the United States spends 4.5%.⁹ This last figure is in constant decline. It is less than the world average, which falls at 2.4% of the GDP.¹⁰ Throughout the 2000 decade, Europe was the region with the lowest growth in military spending. Europe's spending fell at 5%, compared with 87% for Russia, 66% for the United States, 56% for East Asia, 94% for North Africa, and 56% for the Middle East.¹¹ Europe shows no inclination towards using military force, and its structural powers provide it with no such predisposition. For even if Europe's national armies possess abundant reserves, their operational capacities remain limited, especially for overseas operations. The European land forces are quantitatively larger than those of the United States, but the number of deployed European forces cannot exceed 4%. In contrast, the maximum percentage of deployed forces for the United States is 14%. Despite certain political decisions intended to facilitate Europe's overseas intervention capabilities, the EU continually has difficulty conducting operations overseas. The EU pledged to create a joint rapid reaction force of 60,000 troops by the year 2003, but the project was hardly begun. The European armies, it is clear, are too poorly organized to deal with major shared risks, even if they proved capable in the recent fight against piracy in Somalia. The apparent efficacy of the European effort in this case was most likely due to the fact that the project was viewed as a maritime police operation rather than a strictly military endeavour. These structural difficulties point to three series of factors: first, the European states are prepared to share their military sovereignty, but only sparingly. This is an especially troubling issue given the fact that Great Britain, militarily the strongest European nation, is also the most hostile to the idea of a European military headquarters. The second series of factors is based largely on the decision, made by most European states, to outsource their security to North Atlantic Treaty Organization (NATO), and thus to the United States. The third series of factors comes from the way Europeans conceive of their purpose within the international system. Though the EU boasts about its twenty-two European Security and Defence Policy (ESDP) missions, only six of them have been military operations:

⁹ European Defense Agency (EDA), 'An Initial Long-Term Vision for European Defence Capability and Capacity Needs', Endorsed by the Steering Board on 3 Oct. 2006.

¹⁰ Sipri, *Recent Trends in Military Expenditures* (Stockholm: Stockholm International Peace Research Institute, January 2010).

¹¹ *Ibid.*

most European governments have proved highly risk averse, a criticism often leveled, with some justice, at the United States in the 1990s. The nature of EU decision making is likely to sustain this risk-averse behavior. In NATO, military commitments are driven by the Alliance's dominant member, the United States. In the United Nations, such decisions are taken by governments that, for the most part, do not intend to hazard their own soldiers in the resultant operations. As a result, NATO is prepared to accept risks at which the EU would balk, while the UN regularly takes chances which neither the EU nor NATO would countenance.¹²

(2) This aversion to the risk of war has a markedly strong social basis, which we can confirm by examining numerous opinion studies on the European relation to war and to conflict in general. It is especially useful to compare European perceptions regarding war with those of other political actors, notably the United States.

(a) On the moral justification of war*. For the affirmation 'Under some conditions war is necessary to obtain justice', the following responses were received:

EU-12*	25%
United States	71%

(b) On the importance of military compared to economic power*. For the question 'Is economic power more important than military power?', the following responses were received:

EU-12*	78%
United States	61%

This general attitude towards war and conflict proves all the more perceptible when one examines American and European public opinions concerning specific armed conflicts, notably those in Iran or Afghanistan.

(c) Attitudes in regard to Iran*. In support of the possibility to 'Increase diplomatic pressure on Iran but rule out the use of military force', the following responses were received:

EU-12*	48%
United States	29%

¹² J. Dobbins, 'New Directions for Transatlantic Security Cooperation', *Survival* 47, no. 4 (2005–2006): 39–54.

In support of the potential to ‘maintain the option of using military forces’, the following responses were received:

EU-12	18%
United States	47%

Source: German Marshall Fund of the United States (GMF), *Transatlantic Trends, Topline Data* (Chicago, 2009), <www.gmfus.org/trends/2009/docs/2009_English_Top.pdf>.

From this point of view of the study, we observe that European opinions regarding the Iranian conflict are much more withdrawn compared to the political positions taken by certain European Member States (France). It would be interesting to study how French opinion might evolve in the event of a conflict with Iran (nuclear bombardments). It would be equally interesting to observe how the French political position itself might evolve if faced with strong public opposition to war with Iran.

(d) On the conflict in Afghanistan. Opinion studies taken on the subject of the Afghanistan conflict have similar results; 77% of Europeans disapprove of sending European combat forces to Afghanistan; only 19% approve of such a manoeuvre. This condemnation is shared by almost all of the European Member States, including new Member States such as Poland (80%) and Romania (84%).

(3) The third possibility for qualifying European risk aversion towards war involves an examination of current European discourse on the subject. For the purposes of such an examination, there are several relevant documents that deal with the European relation to war. Here, we will cite just one.

The document in question is a rarely cited European Defense Agency (EDA) report. More so than most academic research, which unfortunately either insists on institutional choices or takes European discourse for granted,¹³ this report perfectly summarizes the European philosophy vis-à-vis use of force:

Indeed interventions will not necessarily involve fighting battles. The presence of multinational forces, (...) may well prevent hostilities from breaking out (...) or may help to stabilize a country or region after a political accord. The objective is not ‘victory’ as traditionally understood, but moderation, balance of interests and peaceful resolution of conflicts – in short, stability.¹⁴

We are indeed at the heart of the European aversion to the risk of war. Military invention without war, without designating an enemy, and without aiming towards victory – these aspects entirely reject the Schmittian notion that subordinates

¹³ A. Menon, ‘Empowering Paradise? Europe at Ten’, *International Affairs* 85, no. 2 (2009): 227–246.

¹⁴ European Defense Agency (EDA), n. 9 above.

politics to the existence of an enemy. Europe's potential military operations are aimed not at fighting wars but rather at avoiding them. In the Petersberg missions, which define the European doctrine regarding recourse to force, three levels of action are laid out: humanitarian missions or citizen evacuation; peacekeeping missions; and combat missions for managing crises, including peace reestablishment missions. It is clear that the majority of past European interventions fall under the first two categories. No interventions to date have explicitly fallen under the third category, which would entail risks of exposition that would hold more significant implications for the risk of war.

IV Why Are Europeans Risk Averse?

In a general sense, we can approach the question of risk in three ways: cultural explanations, institutional explanations, and contingent explanations. Cultural explanations must be considered together with the history and structure of a society's social preferences. Institutional explanations are tied to the organizational modes of a society; contingent explanations rely on situational factors that have the potential to influence societal attitudes and behaviours in relation to risk. Obviously, these three approaches are often complementary. However, the weight of each varies according to the issue at hand. Aversion to the risk of war originates largely in post-World War II European history, whereas aversion to food safety risks is based on much more contingent factors. With time, contingent factors can take root and become structural factors. There is not, as far as we can tell, a global explanation for European risk aversion. However, there are several complementary factors that contribute to it: Europe's non-state construction, the existence of deliberative European political spaces, Europe's long-held social model aiming towards market risk minimization, and, finally, the end of the need for an Empire.

The EU is not a state. Therefore, it cannot independently fulfil the traditional security functions generally assigned to states. At the same time, European citizens cannot think themselves out of Europe, despite their political disaffection for it. On the one hand, they cannot address all of their demands to their respective states (as the Americans, Chinese, Indians, and Brazilians are tempted to do), nor can they redirect them towards Europe. European risk aversion results primarily from this ambivalence. This is all the more true given that Europe's competitors are large nation states that aim to increase the traditional attributes of their sovereignty. At the end of the Cold War, the European model based on shared sovereignty seemed to prevail. However, today, the situation is quite different. The rise of Russia, China, India, and Brazil led to the return to a power politics structure with which Europe does not feel comfortable.

Even if European public space is far from having the coherence, force, or relative homogeneity of national public spaces, we cannot doubt its existence. The EU is the only world region with a powerful system for transnational democratic representation

(European Parliament). Ideas and representations circulate in Europe.¹⁵ Without a dense European space to take risk management out of the control of individual governments, the growth of food safety, health, and environmental risk aversion over the past ten years would be unthinkable. We cannot emphasize enough the extent to which the Single Market also contributes to the creation of public space: free circulation of goods necessarily leads to free circulation of risks. The precautionary principle, for example, comes from the convergence of a German-born European philosophy from the 1960s and the loss of citizen confidence in risk regulation organs during the 1980s. This convergence explains why the principle evolved from an environmental principle to a broader crisis management and political governance principle.¹⁶ The same kind of reasoning can also be used when dealing with climate change. Europe's vigorous Copenhagen commitments were strongly supported by public opinion – indeed, the EU's strategy was to publicly post its positions before negotiations even began. However, if the EU boasts about 'governance by example', other actors are barely impressed. China, for example, went so far as to refuse the inclusion of unilateral European commitments in the Copenhagen Declaration. Yet we would have difficulty imagining the EU refusing to make commitments as long its negotiating partners had not made similar commitments. However, are Europeans public opinions ready to accept such a form of political bargaining? The question remains: is it really wise to show all of one's cards before negotiating?

Beyond its apparent diversity, the EU's social model has always tried to minimize market risks by socializing them. One way to comprehend this is to measure the state's redistributive power. Before taxes and social transfers, the poverty rate indicator is as high for the United States as for the EU: 13% of the population. After taxes and social transfers, the figure falls to 4% for the EU, but only to 10% for the United States (OECD). Another way to comprehend this risk socialization is to examine public social expenses for old age health and unemployment risks. These expenses account on average for 24.6% of the EU countries' GDP, but only 15.9% of that of the United States. From this point of view, even the United Kingdom is closer to the EU average than the United States (21.3%). The EU-US difference here is not so much the fact that risk aversion is stronger in Europe than in the United States, but that the risk in Europe is strongly socialized, whereas in the United States it tends to be extremely privatized. Indeed, the US private social expenses stand at 10.1% of the GDP. The figure is at 2.5% for Germany, 3.2% for France, and even less for Scandinavian countries. Only the Netherlands (6.6%) and Great Britain (6.7%) break with this tendency.¹⁷ Even so, we can conclude

¹⁵ Y. Tiberghien, 'The Battle for the Global Governance of Genetically Modified Organisms. The Roles of the European Union, Japan, Korea, and China in a Comparative Context', *Les Etudes du CERJ* 124 (2006): 49 pp.

¹⁶ F. Ewald, 'Le principe de précaution oblige à exagérer la menace', *Le Monde*, 10 Jan. 2010.

¹⁷ W. Adema & M. Ladaïque, 'How Expensive Is the Welfare State? Gross and Net Indicators in the OECD Social Expenditure Database (SOCX)', *OECD Social, Employment and Migration Working Papers* 92 (2009).

that market risk aversion is a collective European concern. Though often judged obsolete and incompatible with rapid globalization, we find that models favouring this risk aversion are more appealing than expected. Proof of this lies in the Obama administration's recent efforts for providing the United States with stronger social security. Europe shows no particular genius in this sense: there is a universal aspiration for linking economic and social progress. Of course, the EU may suffer from having high social standards, but this does not mean that its model is devalued. In fact, the 2008 financial crisis modified perceptions of the economic-social nexus.

Europeans have very clearly exhausted the need for an Empire. After having spent centuries fighting one another, they have concluded that the safest way to pacify their relations is to reject the use of force. Constructed from its foundations against war and the use of force, it is only appropriate that Europe should plead in opposition to these notions. For this reason precisely, the typical French aspiration for Europe as a global power (*l'Europe puissance*) is not shared by a good number of European nations. However, the aversion to the risk of war must be qualified by the fact that certain European nation states have major military capabilities that give them protection, at least in part. In addition, when European nation states perceive a common risk, they turn to coercion and pressure methods that are generally effectual. The relative success of the Europeans in fighting Islamic terrorism (compared to the dismaying performance of the United States) bears witness to this fact.

V Conclusion

When speaking in terms of European political identity, risk aversion must be taken seriously. However, as always, we must be careful: there are two traps we should not fall into. The first consists in an idealization of the European political identity, which places Europe at the avant-garde of a forthcoming, pacified world. The second, inversely, considers the European political identity at a distance. The interest in this identity is distracted, tinged with certain contempt. When the majority of Europeans refused to use the concept of a 'war on terror', it was probably because the mere term 'war' made them uneasy. At the same time, though, the term was absolutely inappropriate for facing a protean reality having nothing to do with the traditional forms of war. Indeed, European performance in the war against Islamic terrorism was by and large superior to that of the United States. Being risk averse is in itself therefore neither a quality nor a weakness. It is, rather, a manner of being in the world. Europe's question is not to find out whether or not it should repudiate this identity, but to find out *how* it might put it to use and how it might accord value to it in the context of the current international system. In order to do this, the EU must act in several ways.

The first will require a harmonization of European positions at a time when Europe's already multiple preferences are growing in various sectors. Europe's underachievement at Copenhagen can be partly explained by lukewarm mobilization

in regard to the EU's proposals. If, by some way or another, the Single Negotiator model was not extended to other strategic domains like climate change, European position might weaken. Herein lays the elemental limit of Europe's normative power: it tends to stop precisely where it should begin. For the production of norms means nothing if they are not given value, especially in areas where force relations between major actors prove decisive. When considering Afghanistan, the vast majority of Europeans weigh the dead ends of a military solution. As such, they are incapable of developing a shared strategy, one that they could at least discuss with the United States while the latter nation is open to discussion. Here again, the question is not risk aversion in itself, but the possibility of shared strategic action. What is at stake then is less risk aversion as such than the inhibition to make choices as if making choices is becoming in Europe a risk in itself.

AIMS

The aim of the *Review* is to consider the external posture of the European Union in its relations with the rest of the world. Therefore the *Review* will focus on the political, legal and economic aspects of the Union's external relations. The *Review* will function as an interdisciplinary medium for the understanding and analysis of foreign affairs issues which are of relevance to the European Union and its Member States on the one hand and its international partners on the other. The *Review* will aim at meeting the needs of both the academic and the practitioner. In doing so the *Review* will provide a public forum for the discussion and development of European external policy interests and strategies, addressing issues from the points of view of political science and policy-making, law or economics. These issues should be discussed by authors drawn from around the world while maintaining a European focus.

EDITORIAL POLICY

The editors will consider for publication unsolicited manuscripts in English as well as commissioned articles. Authors should ensure that their contributions will be apparent also to readers outside their specific expertise. Articles may deal with general policy questions as well as with more specialized topics. Articles will be subjected to a review procedure, and manuscripts will be edited, if necessary, to improve the effectiveness of communication. It is intended to establish and maintain a high standard in order to attain international recognition.

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Manuscripts should be submitted to the Editorial Assistant at the Editorial Office. The manuscript should be accompanied by a covering letter stating that the article has not been published, or submitted for publication, elsewhere. Authors are asked to submit two copies of their manuscript as well as a copy on computer disk. Manuscripts should be 6,000-8,000 words and be typed, double spaced and with wide margins. The title of an article should begin with a word useful in indexing and information retrieval. Short titles are invited for use as running heads. All footnotes should be numbered in sequential order, as cited in the text, and should be typed double-spaced on a separate sheet. The author should submit a short biography of him or herself.

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