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Global Governance, Regionalisation and Regulation:
The Role of the EU
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Europe as a Risk Averse Power

A hypothesis

Zaki Laïdi

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GARNET Policy Brief

EUROPE AS A RISK AVERSE POWER
A HYPOTHESIS

Zaki Laïdi

Is it possible to define the identity and strategy of an actor in the international system by referring to its aversion to risk? Can one speak of a Risk Averse Power? These are the questions we will set out to answer here in suggesting that the European Union is a political actor whose identity and strategy on the international field are based on a strong aversion toward risk. In order to make this hypothesis, we will (I) define the meaning of a Risk Averse Power, (II) propose criteria for measuring this risk aversion, (III) attempt to explain why Europe is risk averse, and (IV) determine the implications of risk aversion for Europe as a global actor.

1. What is a Risk Averse Power?

A Risk Averse Power (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 (Borraz). Indeed, each international actor might be considered a Risk Averse Power since when 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. But 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 RAP 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 to military ones. 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 (Eurobarometer, climate change 2009).

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

The Risk Averse Power appears to resemble what is usually referred to as the Soft Power. However, the definitional field of the RAP is at once much wider and more precise than that of the Soft Power. Much wider, because an RAP deals not only with external concerns (risk of war), but also with internal ones (the aversion to GMOs, for example). A Risk Averse Power 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 behavior on the international stage. In contrast, the Soft Power model takes into account only risks related to war and peace.

A Risk Averse Power, then, can be characterized by its determination to reduce the "risky behaviors" of other state actors. It aims to integrate their actions within a normative framework that would constrain them and make 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 with 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, etc.

Assuming the existence of three major systemic risks in the world system–environmental risks (climate and biotechnology-based), market risks (financial or job loss), and war-related risks (war, weapons of mass destruction)–we posit that the European Union and/or the European member states manifest, generally speaking, a stronger aversion toward these risks than the United States, China, and Russia. European risk aversion is manifested in the following ways:

- Strong aversion toward environmental risks, demonstrated by a demand for more stringent and numerous international norms than those of other 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

2. 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 European Union, we can identify five such indices: a) job loss risk, b) biotechnology risks, c) climate change risk, d) financial risks and e) risk of war.

A- Job Loss Risk

Intensified market globalization, has, paradoxically, made it easier to discern national and regional differences. In effect, each actor within the international system is forced either to protect its singularity or adapt itself to the constraints of a globalized open economy. In this new context, Europeans appear to the rest of the world as representative of societies that accord specific importance to social norms: notably, to job protection. European job protection norms are probably the highest in the world. European employment protection legislation (EPL) is much more restrictive than in other advanced economies. Within Europe, of course, there are significant variations among nations. Yet all European employment protection legislation has a key index of commonality: all legislation attempts, generally speaking, to protect salaried workers against the risk of layoffs. On the basis of an index ranging from 0 (weakest protection) to 6 (strongest protection) the results are as follows:

European Union -19*	2.3
Canada	1.2
United States	0.2

*The number indicates the number of European states taken into account in the study

Source: OECD, "OECD indicators on job protection"; 2008

As far as these numbers are concerned, we can say that the European aversion to job loss risk is stronger than in the other, major Western countries. This does not, however, lead to the conclusion that Europe is better suited than other world regions to deal with unemployment. More accurate is the proposition that, as a general rule, Europeans tend to arbitrate between losing one's job and finding a new one. The lower the risk of job loss, the lower the chances are of finding a new one in case of a layoff. Evidently, the reverse is also true. We can say that on average, job loss risk in Europe is better covered than in the rest of the world. However, we are not in a position to judge the efficiency of this disposition in terms of job creation. We should also note that this job loss risk aversion has not led to the creation of any specific European political strategy. There are several reasons for this. First, job-related issues are not addressed at the community level; second, the European member states are extremely protective of their individual jurisdictional prerogatives. Third, the European states dispose amongst themselves of heterogeneous–and often divergent–social practices. Fourth and finally, we must highlight the defensive position of Europe vis-à-vis job protection: Europe looks to increase job protection measures, while other nations are currently aiming to reduce them. This is true even if certain (notably Scandinavian) states have shown that a reduction in job protection is perfectly compatible with other forms of social protection: high unemployment compensation and work activation politics aimed at protecting people rather than jobs. Indeed, there is a hardly a European consensus on this issue.

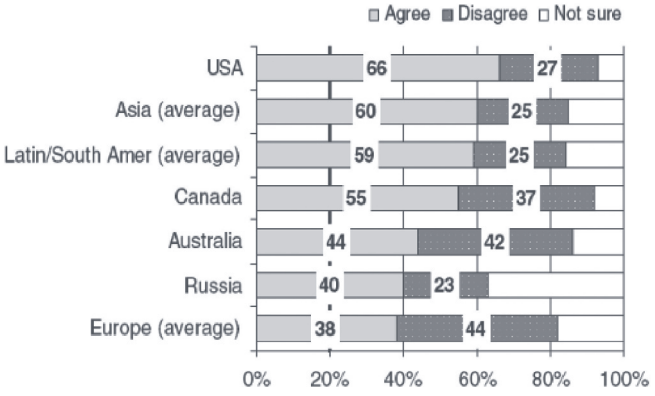
There is, on the other hand, a wide European consensus concerning the fact that social norms (social protection) in Europe are relatively high, and that as a result the EU must protect itself against social dumping. This is especially relevant for low-wage countries, and it is precisely for this reason that the EU has always advocated for respect and conformity regarding basic ILO conventions. It was the European Union that pushed, unsuccessfully, for the WTO to recognize these conventions. During the 2001 DOHA summit, the EU faced hostility from emerging countries. It also dealt with the indifference of the Unites States, which prefers to include social conditionality within bilateral trade agreements. Recently, the debate has shifted from social conditionality

to environmental conditionality in the context of climate change. Those EU member states that already have strong standards (carbon taxes, emissions trading systems) fear that the internalisation of their environmental costs will harm their competitiveness in the global market, and, as a result, threaten jobs in the European market. We cannot effectively say that the European member states are more sensitive to climate change than the United States, even if the latter is just starting to take measures to curb global warming. But because the European Union is more exposed to international trade than the Unites States, the competitive disadvantage for the EU is higher. This is especially true given the fact that the European Union is not a Hard power capable of pressuring reluctant partners. Climate change, thus, ends up amplifying job loss risk for the Europeans, while equally serving to raise the risk of job loss to the level of a systemic risk within the international system.

B- Biotechnology Risks

In terms of biotechnology, Europeans are not more risk averse than other world regions. 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 Europeans might have in the capacities for regulating it (Eurobarometer, 2007). European optimism regarding biotechnology has markedly increased since 2002 after an obvious decrease during the 1990s. But European risk aversion toward GMOs remains strong and persistent. In a 2007 Eurobarometer study, 58% of Europeans expressed a negative attitude toward GMO products. This figure has been relatively stable throughout the years, whereas the general confidence in biotechnologies has significantly increased. Surely, there are considerable national differences. But none of them 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 toward GMOs can be found amongst 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. But international comparative studies clearly indicate that Europeans, taken as a whole, are far from being the most hostile toward GMO products.

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'.



Source : The Environics International Poll of 2000.
International Environmental Monitor 2000.
Toronto, Canada; 2000.

For certain authors inclined toward 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 (Weiner and Rogers). This being so, the aversion to GMOs has certain implications for international trade that are clearly absent in the case of air pollution. This explains the dissimilarity between European and US political behavior in the past several years each time risk regulation comes to the fore in international discussions. Europeans continue to lobby for WTO recognition of the precautionary principle. The United States, on the contrary, remains strongly hostile this principle. 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 which favor precisely what is not known (Tiberghien). 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 (Schaffer and Pollack). 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 (Falkner). But within the WTO, progress has been much slower. The United States deems the SPS (Sanitary and Phytosanitary) agreement sufficient to regulate risks, whereas Europeans want to go much further in securing formal recognition for the precautionary principle. There are no indications for European progress on this project. 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. 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 jurisprudent 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 toward a restrictive interpretation of the GATT Article XX, 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 defense, into consideration. For the first time, a WTO panel recognized the right of a member state to invoke climate change risk as a justification for curbing imports. The irony of history has it that the case in question was presented against the EU by a country like Brazil. Indeed, the evolution of WTO jurisprudence has not been linear. Perhaps, though, it shows that the regulation of trade and environment can progress without additional norms.

C- 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 measuring the tradeoffs that countries are ready to make between economic growth and global warming.
- By examining the commitments made by Europeans in order to fight climate change, even in light of potential economic costs incurred.

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

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 diseases	32%
6) Armed conflicts	29%
7) Increasing world population	24%
8) Proliferation of nuclear weapons	15%

Source : Eurobarometer, special Eurobarometer 313; Europeans' attitudes towards climate change; January-February 2009

Evidently, climate change risk aversion is perceived differently amongst the EU member states. But we can effectively point out that it is stronger in Scandinavian countries than in new member states or in southern Europe. There are, as 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 amongst 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:

European Union -12*	21%
United States	40%

*The number indicates the number of European states taken into account in the study

Source : German Marshall Fund of the United States (GMF), Chicago.
Transatlantic Trends (2009 Topline data).

Clearly, Americans are twice as ready as Europeans to sacrifice climate change in favor of economic growth. This figure is a significant indication of Europe's and the United States' relationship to climate change. There is a third way of approaching the question of climate change risk aversion as regards Europe: 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 climate change would lead to a dramatic drop in GDP would be most likely to propose ambitious goals to combat it. Inversely, a country or group of countries for which climate change would do less harm to its 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 GDP(1)	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 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 Chinese per capita emissions remain relatively low.
*** The base year for Europe's measurements is 1990.
**** India is committed to an intensity energy target which 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 demonstrate a very strong aversion to climate change risk on the part of Europeans. The unilateral commitments they are willing to make are not only in absolute value the highest in the world, but, moreover, they 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 global warming, compared to other world regions. But, we should hesitate before drawing hasty conclusions. 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. But what about emerging countries? In their view Western nations should undertake significant reductions efforts first, since they are historically responsible for causing global warming. That is why they are reluctant to commit to emissions reductions despite the considerable economic risks incurred by climate change. From their perspective risk aversion is not an issue .

D- Financial risk

As with all other risks, there are several ways to gauge financial risk. One way consists in assessing soundness of prudential bank rules. These rules have proved immensely faulty during the economic crisis.

According to the World Bank, there are 8 indicators which allow one to measure prudential regulation:

1 Capital requirements include minimum capital to asset ratios, variations of capital to asset ratios according to individual banks' credit,
2 Liquidity and diversification requirements include limits on exposures to single or related borrowers, limits on sectoral concentration of lending and liquidity reserves.
3 Accounting and provisioning requirements include information on accounting standards, definitions of nonperforming loans, disclosure of off-balance sheet items.
4 External auditing and information disclosure requirements include information on external auditing requirements and their disclosure to supervisors, the scope of legal action against auditors in the case of negligence and against directors in the case of erroneous or misleading information.
5 Entry rules and ownership structures includes information on the granting procedure and requirements for entry licenses, disclosure of and limitations on the source of funds, limits to engagement in securities, insurance and real estate activities, foreign lending and ownership of nonfinancial voting shares.
6 Exit rules and disciplining devices include measures relating to the forced exit of banks, bankruptcy procedures for banks, and the powers of supervisors to override management decisions if the solvency of a bank is under threat.
7 Depositor protection includes information on the existence and limits of explicit deposit insurance protection systems, the collection of premia to such schemes, whether fees depend on banks' risk profiles and co-insurance provisions.
8 Strength of the supervisory authority include the budget and number of professional supervisors relative to the size of the sector, the number and frequency of onsite inspections, the ability of supervisors to change banks' internal organization structures, the protection of the supervisory agency from political interference and the protection of individual agency staff from law suits by banks.

SOURCE: World Bank, Bank Regulation and Supervision (updated June 2008)

Using these indicators, a recent OECD study (Ahrend et al.) attempted to determine if there exists a link between the quality of prudential regulation and financial stability. The study made use of three of the eight indicators in order to establish a correlation between prudential regulation and financial stability. It is important to note that "correlation" in this case does not necessary imply causality. The three indicators are the following: Entry rules and ownership structures, Exit rules and disciplining devices and Strength of the supervisory authority. Countries with the strictest of these indicators seem to have suffered less damage than others from the financial crisis. We can provisionally say, then, that these nations have more or less implicitly manifested a higher aversion to financial risk. The strength of this aversion is determined by the existence of strong regulatory principles. The question is: does this particular methodology allow us to determine whether Europe collectively managed superior resistance to the financial crisis because it adopted stricter prudential rules?

The indicators we have access to here do not offer a clear response. However, we can compare the stringency of these three indicators (Entry rules and ownership structures, Exit rules and disciplining devices, Strength of the supervisory authority) among OECD countries. The United States, via which the financial crisis began, arrives in the OECD average for two of the three indicators (Entry rules and strength of the supervisory authority). The US is, however, highly above average for the "Exit rules"! Great Britain, on the other hand, is far below average for the "Exit rules." The same is true for France, a nation considered as particularly inclined toward regulation. Germany, in contrast, is in the OECD average for every indicator. However helpful these indicators may be, they fail to take into account the discrepancy between the formal rules and the implementation of these rules. Theoretically, American regulative laxity does not seem glaring. In practice, the situation looks different. By refining the indicators and by comparing them with the effective practices of various states, it would become easier to measure European financial risk aversion.

There are other more reliable indices for measuring financial risk aversion: household financial assets are one of them. Indeed, the more households that take risky assets, the weaker is their aversion to risk. The inverse is naturally true. We can generally distinguish four classes of savings risks based on their riskiness that range from (1) the weakest to (4) the strongest. 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 household, the higher that household'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.

A recent study said of France that "three-quarters of its household financial assets are free from capital risk. This ratio strongly indicates an elevated aversion toward risk and loss" (AMF 2009).

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 (OECD, 2004). 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' net household savings ratio has increased to 4%, whereas for EU countries it has remained at 9.8%. The discrepancy between the European Union and United States rates remains thus 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.

E- Risk of war

1. There are several means of expressing aversion to the risk of war. First, an actor might increase its military efforts in order to deter potential adversaries. Conversely, an actor might limit its defense efforts in the hope of encouraging other actors to do the same ("disarmament race"). The second approach has clearly been the favorite 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% (EDA, b). This last figure is in constant decline. It is less than the world average, which falls at 2.4% of the GDP (Sipri, 2010). 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 (Sipri, 2010). Europe shows no inclination toward using military force, and its structure of its forces provides 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 European Union continually has difficulty conducting operations overseas. The European Union 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 of acting collectively 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 endeavor. These structural difficulties point to three series of factors: first, the European states are reluctant to share their military sovereignty. 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 NATO, and thus to the United States. The Germans forces in Afghanistan are for example strongly constrained by caveats to rules of engagement. That is one of the reason why, Germany turned down the French proposal to send the Franco-German brigade to this country. The third series of factors comes from the way Europeans conceive of their purpose within the international system. Though the European Union boasts about its 22 ESDP missions, only 6 of them have been military operations:

"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" (Dobbins).

2. This aversion to the risk of war has a markedly strong social basis, which is reflected in numerous opinion polls. It is especially useful to compare European and American perceptions regarding war.

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

European Union – 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:

European Union – 12** :	78%
United States	61%

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

c) Attitudes in regards 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:

European Union – 12** :	48%
United States	29%

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

European Union – 12** :	18%
United States	47%

*All study results come from the following source: German Marshall Fund of the United States (GMF), Chicago. Transatlantic Trends (2009 Topline data).
**The number refers to the number of European states taken into account in the study

From the point of view of the studies, we observe that European opinions regarding the Iranian conflict are overall more withdrawn compared to the political positions taken by certain European member states in particular (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 polls on the Afghanistan conflict lead to similar results. 77% of Europeans disapprove of sending European combat forces to Afghanistan, whereas only 19% approve. This position is shared by almost all European member states, including new member states such as Poland (80%) and Romania (84%). (GMF, Transatlantic Trends).

3. The third possibility for qualifying European risk aversion toward 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 EDA (European Defense Agency) report. More so than most academic research, which unfortunately either insists on institutional choices or takes European discourse for granted (Menon), 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" (EDA a,)

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 toward victory–these aspects entirely reject the Schmittian notion which subordinates politics to the existence of an enemy. Europe's military operations are aimed not at fighting wars but rather at avoiding them. In the Petersberg missions, which define the European doctrine regarding the use to force, three levels of action are laid out: humanitarian missions or civilian rescues; peacekeeping missions; and combat missions in crisis management, including peace making . All European interventions fall under the first two categories. No interventions to date have explicitly fallen under the third category, which would entail risks of war.

3. Why are Europeans risk-averse?

In a general sense, we can approach the question of risk in three ways: cultural explanations (Douglas and Widalsky), 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 behaviors in relation to risk. Obviously, these three approaches are often complementary. But 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 a deliberative European political space, Europe's social model aiming toward market risk minimization, and, finally, the end of the need for an Empire.

1. The European Union is not a state. Therefore, it cannot independently fulfill 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 one hand, they cannot address all of their demands to their respective states (as the Americans, Chinese, Indians, and Brazilians are tempted to do).But on the other, they cannot redirect them toward Europe. European risk aversion results primarily from this ambivalence. This is all the more true given that Europe's competitors are large nation-states which 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. But 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. That constitutes a huge political challenge for the EU.

2. 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 European Union is the only world region with a transnational democratic representation (European Parliament). Ideas and representations circulate in the Parliament space. Without a dense European public space, the growth of food safety, health security, and environmental risk aversion over the past ten years would be unthinkable. We cannot emphasis 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 risk perception. 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 institutions during the 80s. This convergence explains why the principle evolved from an environmental principle to a broader crisis management and political governance principle (Ewald). 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: the EU exposed its strategy before negotiations even began. It thought that governing by example would induce other actors to take similar actions. But other actors were barely impressed. China, for example, went so far as to refuse the inclusion of unilateral European commitments in the Copenhagen Declaration. And yet we would have difficulty imagining the EU refusing to make commitments as long its negotiating partners had not made similar commitments. But are Europeans public opinions ready to accept such a form of political bargaining? The question remains: is it really wise to show all of ones cards before negotiating?

3. Beyond its apparent diversity, the European Union's social model has always tried to minimize market risks by socializing them. This is illustrated by the state's redistributive power. Before taxes and social transfers, the poverty rate indicator is as high for the United States as for the European Union: 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 the US'. 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 (Adema and Ladaique). Even so, we can conclude that market risk aversion is a collective European concern. Though often judged obsolete and incompatible with globalization, we find that the European social model is 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 for global competition, but this does not mean that its model is devalued. In fact, the 2008 financial crisis modified perceptions of the economic-social nexus in the Western world.

4. Europeans have very clearly exhausted their 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. The paradox is that aversion toward war may lead Europe to underestimate its conflict risks. The first version of the Solana report, for example, which was supposed to define the EU strategic doctrine, barely mentioned the Russian energy risk (Solana, 2003). The risk was not dealt with in the report until several years later, when the question became central. Even then, the terms of the report were general. In addition, even if other risks were addressed in the document, they were never hierarchized, and there were no operational propositions that could have reduced them. Despite what is often said about it, the Solana report presents an image of a Europe entirely lacking a credible strategic vision. Its only merit is that it shows the extreme weakness of the European common denominator for strategy: nothing indicates the member states' intentions to change this reality. However, the aversion to the risk of war must be qualified by the fact that certain European nation-states have major military capabilities which give them protection, at least in part. In addition, when European nation-states perceive a common risk, they turn to coercion and pressure methods which are generally effective (immigration).

4. The political consequences for risk aversion

When speaking in terms of European political identity, risk aversion must be taken seriously. But 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 risk aversion as a source of political weakness. On financial issues or environment, it sounds like an asset rather than a liability. On security issues, things are sometimes different especially when risk aversion leads to a kind of political blindness. But even on those sensitive issues things are more complex. When, for example, the majority of Europeans refused to use the concept of a "war on terror", it was probably because they did not feel comfortable with the term "war". 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 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 use it in 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 preferences are becoming more and more heterogeneous. If, by some way or another, the single negotiator model as it exists in trade negotiations was not extended to other strategic domains like climate change, the European position might weaken. The failure of the EU in Copenhagen is in this perspective a real source of concern. Herein lays the fundamental limit of Europe's normative power (Laïdi, b): it tends to stop precisely where it should begin. Production of norms is useless if not translated into political action. Norms are not a substitute for action. When considering Afghanistan, the vast majority of Europeans weigh the dead ends of a military solution. But they are incapable of developing a shared strategy that they could at least discuss with the United States. Here again, the question is not risk aversion in itself, but the possibility of a common strategy. What is at stake, then, is less risk aversion as such than the inhibition to make choices, as if making choices were becoming a risk in itself for Europeans.

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