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# AICGS POLICY REPORT

**THE NEXT GENERATION:  
REMAPPING THE GERMAN-AMERICAN  
RELATIONSHIP**

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American Institute  
for Contemporary  
German Studies

JOHNS HOPKINS UNIVERSITY

The American Institute for Contemporary German Studies strengthens the German-American relationship in an evolving Europe and changing world. The Institute produces objective and original analyses of developments and trends in Germany, Europe, and the United States; creates new transatlantic networks; and facilitates dialogue among the business, political, and academic communities to manage differences and define and promote common interests.

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AICGS FOREIGN & DOMESTIC POLICY PROGRAM



## FOREWORD

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This year's Symposium is framed around the idea of "A New Transatlantic Generation." We know that German-American relations have long been shaped by the personal connections that were established after World War II and held firm throughout the Cold War. Since reunification, however, there has been a rapid drawdown of the American troop presence in Europe and the United States has shifted its focus to other parts of the world. Funding for long-standing transatlantic exchanges has also been decreased and, just this past year, the U.S. government was close to cutting half of the funding for the Congressional Bundestag Exchange Program for young leaders, a mainstay of the German-American partnership.

At the same time, it is abundantly clear that the experiences and ideas of the younger generation will determine the trajectory of transatlantic relations in the twenty-first century. Their preferences will shape domestic politics as much as international politics. Their decisions will determine how the world responds to a multitude of emerging crises. Their innovations will be the driving force for our respective societies. The contributions of young educators, journalists, politicians, scientists, and other experts is vital for maintaining and strengthening the bond between Germany and the United States.

This collection of essays is not meant to be representative of the views of the "Millennial" generation, but each author presents her or his own serious critique of a pressing issue for the upcoming transatlantic generation and their suggestions for the way forward. This volume features essays from Matthias Matthijs on the need for German leadership, Nicola Fuchs-Schündeln on the response to the euro crisis, David Livingston on the future of the carbon-based economy, Henriette Rytz on Germany becoming a "country of immigration," Parke Nicholson on the global response to jihadist terrorism, Jessica Riester Hart on the current state of immigration policy, Tim Maurer on international cooperation on cyber security, and Kirsten Verclas on energy efficiency as a key to addressing climate change.

AICGS looks at the challenges and the choices facing Germany and the United States as this young generation shapes how both countries deal with common problems and find solutions. The Institute attempts to evaluate the consequences of their preferences and choices and to what extent we can learn from each other. This Policy Report and Symposium address the future of the German-American relationship, and represent an illustration of how we can contribute to a better understanding of both countries, their priorities and policies, and the impact they will continue to have on each other in the decades to come.



Jackson Janes  
President, AICGS

## ABOUT THE AUTHORS

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# WHEN DESTINY MEETS DESIRE: THE GERMAN LEADERSHIP CONUNDRUM

MATTHIAS MATTHIJS

*Since 2010, how Germany interprets its leadership role in Europe has become the single most important factor in determining the future path of European integration. Conscious of its own history and often at the mercy of domestic political constraints, Berlin's elite has struggled to fully embrace their country's newfound position as Europe's dominant power. This has left the EU in a bind, with endless "muddling through" the new normal.*

## Europe's Indispensable Nation

Over the past five years, the European Union has been confronted with a triple systemic crisis. The survival of the euro, the security threat from a revanchist Russia, and a dramatic surge in migration from the Middle East and North Africa have dominated the political agenda in Brussels since 2010. All three challenges required some form of collective action by the Union's now twenty-eight member states. Over the same period, the traditional engine of European integration—the Franco-German partnership—has been sputtering given the persistent weakness of the French economy; Italy and Spain have been among the direct victims of the euro crisis, while fast growing Poland remains out of the euro zone; and Britain has been dallying with leaving the EU altogether. Hence, almost by default, and boosted by its spectacular rebirth as Europe's economic powerhouse, Germany found itself the de-facto leader of Europe. Its growing international prestige and diplomatic clout were confirmed in 2014, when Germany beat the U.S., the UK, and France to be voted "best country in the world" in the annual Nation Brand Index, which measures a nation's global image. Already in November 2011, former Polish foreign minister Radoslaw

Sikorski professed to fear German power less than German inactivity, proclaiming Germany Europe's "indispensable nation."<sup>1</sup>

Seen from Washington, Berlin has replaced London to become America's most important partner in Europe, both in economic and diplomatic terms. Henry Kissinger's celebrated question—who do I call when I want to call Europe?—now has a clear answer: Angela Merkel. The United States sees Germany today as the only country capable of playing the role of regional "stabilizer" in Europe; able to enforce the international rules of the game and singularly qualified to shoulder an uneven share of the burden in a time of crisis. Given the inherent free riding problems that come with international efforts at collective action, and the competing national interests in dealing with multiple problems at once, German leadership in Europe is therefore more imperative than ever. But Germany, ever mindful of its historic responsibility for the horrors of the Holocaust and World War II, though at the same time increasingly confident in pursuing its own national interests and less prone to blackmail by the rest of Europe than before, has been frustrated in the contradictions of being thrust into this powerful position. In all three crises, Germany has led Europe's collective response, but also felt the need to reinterpret its leadership role depending on the crisis at hand. Furthermore, Merkel's desire to lead would quickly wane once it clashed with her own interests and ideas, or ran up against domestic opposition.

First, in a seemingly elusive search for a "comprehensive solution" to the euro crisis, Germany took the lead, but saw its role as stabilizer largely as the enforcer-in-chief of ordoliberal rules and austerity, rather than as the provider of regional public goods. As a consequence, Berlin ended up pushing the main

burden of adjustment of the crisis onto Europe's periphery. Second, in the security crisis with Russia over Ukraine, Germany saw its leadership role as facilitator-in-chief, struggling to balance its realist economic interests in the East with its Western liberal values. Berlin brokered a cease-fire between the warring parties but also agreed to impose sanctions on Russia, all while trying to keep the EU and NATO united. Third, in the most recent crisis, on how Europe should cope with hundreds of thousands of new refugees and economic migrants from the conflict-ridden countries of Syria, Iraq, Afghanistan, Libya, and Eritrea—to name but the most important ones—Berlin has chosen to be the benefactor-in-chief, and led by example. By taking in the lion's share of Europe's refugees, Germany itself zealously took on the main humanitarian burden and put aside many of the EU's existing migration rules. However, it saw its generous policy backfire when it realized that it could not manage the sheer magnitude of the human flow all on its own.

All three crises have served to underscore both the promise and the pitfalls of German leadership while at the same time reopening old wounds and revealing fault lines within Europe—both between North and South, and between East and West. This has left policymakers and electorates in Germany and the rest of the EU deeply frustrated with the status quo. In this short essay, I will elaborate on Berlin's role in all three crises, before concluding that Germany's destiny to lead and push forward the project of European integration needs to be met by its desire to do so, if the EU is to move beyond its current doldrums. For that to happen, Germany will need to become much more pragmatic and less constrained by rules in economic policy, and much less bound by history in foreign and security policy.

### Enforcer-in-Chief: Leading by Following the Rules

While the euro crisis began as a Greek fiscal problem in the fall of 2009, it quickly escalated into a full-blown sovereign debt crisis in the spring of 2010, not least because of Germany's initial dithering and inaction.<sup>2</sup> By insisting that the Greek crisis was the responsibility of a bankrupt political elite in Athens, whose fiscal recklessness had violated the EU's

Stability and Growth Pact in the most egregious way, Germany's policy statements not only frightened the bond markets, but also quickly framed the euro crisis into a morality tale of fiscal sinners and budgetary saints. Rather than focusing on the systemic flaws of the euro's design, Berlin's crisis narrative was one of national redemption on the part of the euro zone's periphery that could solve the crisis only through fiscal austerity and structural reform. Systemic solutions like a Eurobond, common deposit insurance, or an economic government to correct for the ECB's "one size fits none" monetary policy were dismissed based on fears of moral hazard.<sup>3</sup> Both Chancellor Merkel and her finance minister Wolfgang Schäuble saw Germany's leadership role as the main underwriter of the fiscal rules agreed on at Maastricht, and to make sure those rules would be strictly enforced going forward.

In a speech at the Sorbonne in Paris in November 2010, Schäuble invoked the teachings of Charles Kindleberger and the importance of leadership in times of crisis on the part of both Germany and France.<sup>4</sup> However, he interpreted Kindleberger's theory of public goods provision during crises in exactly the opposite way as the MIT economist had originally intended. For Kindleberger, the Great Depression had been so severe because of the inability of Britain and the unwillingness of the U.S. to play the role of "hegemon," by failing to serve as a market for distress goods, act as a lender of last resort, or provide counter-cyclical lending. The United States seemed to have learned those lessons eighty years later during the 2008 financial crisis, and did exactly that, i.e., provide the global public goods by acting as consumer, investor, and lender of last resort. Germany during the euro crisis, however, refused to play the role of regional hegemon. Instead, Berlin continued to act like Germany was a small open economy with an export-led growth model. It dramatically reversed its private lending during the downturn, and refused for the longest time to let the ECB operate as a real lender of last resort.<sup>5</sup> It was only when the more pragmatic and "less German" Mario Draghi took over from Jean-Claude Trichet in November 2011, and started to more flexibly interpret the ECB's institutional mandate, that outright market panic gradually started to recede.

The crisis lingers on with the euro zone stuck in a low-growth equilibrium teetering on deflation. For the euro to become a stable global reserve currency in the longer term, it will need to be much more firmly embedded into supra-national social and political institutions, which include a common debt instrument, common deposit insurance, and some sort of solidarity mechanism of intra-EMU fiscal transfers. Germany's policy elite has so far rejected any of those mechanisms due to domestic political opposition. Those solutions also go against prevailing ordoliberal economic wisdom, which has found a formidable champion in Schäuble. Moreover, a much weaker euro has greatly benefited Germany's export industry and record low sovereign bond yields have been a boon for its own budgetary situation. Leadership, however, entails taking Europe where it needs to go. But as long as Berlin interprets its role as following rules, and continues to pander to its electorate's fears of a "transfer union," the euro's future will remain fragile at best.<sup>6</sup>

### Facilitator-in-Chief: Germany's Foreign Policy Balancing Act

In foreign policy, Germany has started to play a much more active role in the past few years. Berlin has played a key part in the nuclear deal with Iran, alongside Britain and France. It has also taken the lead in negotiating a ceasefire between Russia and Ukraine, as well as in implementing a sanctions regime to punish Russia for its unilateral annexation of Crimea and continued support for pro-Russian rebels in Ukraine's breakaway eastern provinces. This is a far cry from Germany's decision to abstain from UN Resolution 1973 in 2011, which authorized NATO's military intervention in Libya. As France and Britain led the military operation that would eventually result in the overthrow of Muammar Gadhafi, Germany largely stood by the sidelines. However, in dealing with Russia over the conflict in Crimea and eastern Ukraine, Germany has led the West's response but wrestled to reconcile its values with its interests. On the one hand, Berlin strongly opposes Russia's annexation of part of another sovereign country's territory as it clearly violates international law. On the other hand, Berlin quickly ruled out any military option, while knowing full well that economic and financial sanctions against Russia would hurt Germany more

than most other countries.

This foreign policy dilemma is summed up in Germany's desire to "lead from the middle," in the words of defense minister Ursula von der Leyen, or of playing the role of "chief facilitating officer" as foreign minister Frank-Walter Steinmeier once put it.<sup>7</sup> But unlike its structural power and diplomatic clout in matters that deal with the euro, where Germany is the largest creditor country and an economic giant, Berlin suffers from a large military deficit in foreign and security policy, having relied on NATO to provide its security since the Second World War. Even though the German defense budget has been growing, it still spent only 1.1 percent of its GDP (\$43 billion) on defense in 2014, well below the NATO target of 2 percent, and a different order of magnitude from Russia's spending, at 3.7 percent of GDP (or \$70 billion).<sup>8</sup> Furthermore, in dealing with Vladimir Putin, that vulnerability is augmented by large German business interests in Russia and a significant domestic dependence on Russian oil and gas.<sup>9</sup> As long as the EU does not do more to pool its substantial military spending, and organize as a true collective in security matters, this will remain a significant handicap in dealing with Moscow.

This structural weakness has left Germany in the unattractive position of pushing for NATO sanctions against Russia, of which it bears the main financial brunt, while at the same time brokering a ceasefire between the warring parties at Minsk that it has no way of enforcing militarily. At the same time, its insistence on fiscal austerity at home and in the rest of Europe has created the risk that the EU has bitten off much more than it can chew when it comes to supporting Ukraine, a large country mired in deep governance and financial troubles. Stabilizing Ukraine's economy makes Greece's fiscal problems look like small beer. After five years of euro crisis, there is substantial bailout fatigue all over Europe. And for better or worse, it remains an undeniable fact that the future of Ukraine remains much more important to Moscow than to Brussels, Paris, or Berlin.

While Germany's foreign policy balancing act has managed to bring about a brittle ceasefire in Ukraine, and the Western sanctions against Russia have held up remarkably well so far, Crimea seems irrevocably

lost. This has set a dangerous precedent in Europe's near abroad, where a stronger country that is willing to use force has permanently violated a weaker country's right to its own sovereignty, without it being reversed. Russia's President Putin seems to play by different rules and follows a realist playbook compared to the West, which holds up its liberal principles of peace and democracy, but has been unwilling to enforce them by using or building up its own military might. Moreover, Europe and the U.S. need Russia's support in ending the civil war in Syria, and in the fight against Islamic State in Iraq and the Levant (ISIL), which has been the main trigger of massive outflows of refugees crossing the Mediterranean into Europe. Hence, Germany's foreign policy leadership has done very little to deter Russia's territorial ambitions in the future, while Europe's borders are more vulnerable than they have been since 1945.

### Benefactor-in-Chief: Leading Europe's Response to the Refugee Crisis

The most recent crisis facing the European Union, that of large migration flows from the Middle East and North Africa, has played out largely in the realm of domestic politics, but is a direct consequence of the ongoing conflicts in Europe's "near abroad" and the chronic inability or unwillingness of both the EU and the U.S. to do much about them. Large flows of people across Europe's borders have proven to be just as much a source of political tension as were large and sudden flows of capital during the euro crisis. With more than 320,000 people reported to have crossed the Mediterranean since the start of this year, according to the UN High Commissioner for refugees, the migratory flow into Europe is twice that in 2014 and eight times that of 2013. A lot more people also are crossing the EU's borders by land, mainly through the Balkans into Hungary, though there are no reliable statistics. Most of those migrants— asylum seekers and economic immigrants, the distinction is often hard to make—are headed toward Germany in the hope of a better future.<sup>10</sup>

In dealing with this sudden upsurge in migrants, Germany has unambiguously taken the lead, by accepting a hugely disproportionate share of all asylum seekers, of which it is expected to receive

around 1 million in 2015 alone. Rather than insisting on EU rules to be followed to the letter, as it did in the euro crisis, Germany proved more hardheaded in realizing that it would be impossible for Italy, Greece, and Hungary—the main EU points of entry for new refugees—to process all of the refugees on their own before sending them onward. Angela Merkel herself promised refugees a warm welcome in Germany, and committed an extra €6 billion to state and local governments to accommodate arrivals and help pay for additional expenses like benefits. German generosity and willingness to serve as Europe's main advocate for the asylum seekers' rights made it act like Europe's "benefactor-in-chief." The images of border-crossing refugees holding up posters of Merkel as Lady Liberty have been a welcome break from the ones in Athens portraying her as a Nazi occupier. Merkel's bold decision to lead by example on refugees was made out of humanitarian concerns, and conscious of Germany's historic duty toward vulnerable and displaced people, even though she faced a potential political backlash at home.

However, Berlin's policy establishment would soon realize that their promise did not match their absorptive capacity. Merkel's critics soon called her decision foolish rather than brave, as thousands more refugees crossed the Austrian border into Bavaria. The migration problem would need a collective response at the EU level, rather than unilateral action, no matter how well intentioned. But while the euro crisis revealed a schism between North and South, the refugee crisis has laid bare a fault line between West and East. The EU Commission led by Jean-Claude Juncker, and supported by Germany and France, has been trying to impose a mandatory quota system to resettle 160,000 refugees across the EU, which remains a small fraction of all refugees expected to reach European shores this year and the next. However, Eastern member states—led by Hungary, and supported by Slovakia, Romania, and the Czech Republic—have openly opposed and voted against such a system. Their leaders see migration as a threat to their culture and a huge burden to their public services. The crisis hence continues unabated as the winter is nearing, and a comprehensive EU solution remains once again elusive.

## Toward a German Leadership Solution for Europe

Since 2010, Germany has proven to be the only EU member state capable of taking on Europe's leadership mantle, but has been hugely frustrated in this role. In all three crises—over the euro, over Ukraine, and over migration—Germany has led the response, but embraced different leadership principles each time, sometimes even making the problem worse than it should have been, even though it held the key to a more comprehensive solution. Either a stubborn devotion to its own ordoliberal ideas in economics, fear of a restless domestic electorate, the pressure of powerful commercial interests, or the burden of history in military affairs, have stood in the way of a more effective leadership response. The euro remains an unfinished and fragile currency, the conflict between Ukraine and Russia is frozen at best, Europe's near abroad is more volatile than before, and the refugee crisis is unlikely to go away any time soon.

In order to make German leadership in Europe more effective, and more palatable to the rest of Europe, two things need to happen. First, in economic policy, Germany needs to allow for more discretion in economic policy, and let go off its slavish support for all kinds of rules. Rules are fine in good times, but are an ineffective guide in hard times. At the same time, Berlin needs to start preparing its electorate for the next steps that are needed in building a “genuine” Economic and Monetary Union that include permanent mechanisms of social solidarity and financial stability. Second, in foreign policy, Germany needs to lead the EU effort in building a common European army by stepping up its own military spending, as well as a European energy union as to decrease the EU's dependence on Russian oil and gas.<sup>11</sup> That is the only way to coerce Putin's Russia to start playing by the rules of the postwar international system, rather than having the Russians run circles around the West.

For that to become reality, Germany needs to become a “normal” Western power, and other EU members need to shed their historic fears of a Germany that dominates the rest of Europe. We are a long way away from 1945, and Germany has behaved as a model citizen in the world system ever

since. The only way for Europe to remain prosperous and influential in world affairs is for it to complete its economic and monetary union and to act in unity abroad. Europe will not get there through the dreams of EU technocrats in Brussels. It needs a political push, and only Germany can lead that effort, even though that is obviously a necessary and not a sufficient condition. For that first and necessary step to be taken, German desire for leadership needs to match its destiny to lead. Europe and the world will be better for it.

<sup>1</sup> Radoslaw Sikorski, “I fear Germany's power less than her inactivity,” *Financial Times*, 29 November 2011.

<sup>2</sup> Erik Jones, “Merkel's Folly,” *Survival* 52:3 (2010): 21-38.

<sup>3</sup> Matthias Matthijs and Kathleen McNamara, “The Euro Crisis' Theory Effect: Northern Saints, Southern Sinners, and the Demise of the Eurobond,” *Journal of European Integration* 37:2 (2015): 229-246.

<sup>4</sup> Wolfgang Schäuble, “Rede des Bundesministers der Finanzen Dr. Wolfgang Schäuble an der Universität Paris-Sorbonne,” Bundesministerium der Finanzen, 2 November 2010. Online available (in German) at: <http://www.bundesfinanzministerium.de/Content/DE/Reden/2010/2010-11-02-sorbonne.html>

<sup>5</sup> Matthias Matthijs and Mark Blyth, “Why Only Germany Can Fix the Euro,” *Foreign Affairs*, Snapshot, 17 November 2011.

<sup>6</sup> Matthias Matthijs and Mark Blyth (eds.), *The Future of the Euro* (New York: Oxford University Press, 2015).

<sup>7</sup> Jackson Janes, “Germany's Policy Preoccupations,” *AICGS Commentary*, 24 February 2015, <http://www.aicgs.org/issue/germanys-policy-preoccupations/>.

<sup>8</sup> International Institute for Strategic Studies, *World Military Balance 2015* (London: IISS, 2015).

<sup>9</sup> Hans Kundnani, *The Paradox of German Power* (New York: Oxford University Press, 2014), p. 80.

<sup>10</sup> Sebastian Mallaby, “Borderline Chaos: The EU's New Challenge,” Council on Foreign Relations, 10 September 2015.

<sup>11</sup> Matthias Matthijs and R. Daniel Kelemen, “Europe Reborn: How to Save the European Union from Irrelevance,” *Foreign Affairs* 94:1 (2015): 96-107.



# THE EURO ZONE CRISIS: SHORT VS. LONG-RUN PERSPECTIVES

NICOLA FUCHS-SCHÜNDELN

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Coined “euro zone crisis,” the current crisis developments in Europe appear like a clearly defined entity when, in reality, the crisis is anything but that. Instead, it encompasses a magnitude of areas and challenges: acute bank crises; soaring government debts; the threat of countries leaving the euro zone; and skyrocketing unemployment rates, especially among young people in the southern part of Europe.

Yet in the public debate in Germany right now, the euro zone crisis is almost reduced to one single issue: what will happen in Greece (only overshadowed recently by the refugee crisis). This is unfortunate, since there are very important issues that will shape the future of the euro zone, like how to establish a real banking and capital markets union, and what type of fiscal union to envision. These issues are not getting the attention they deserve. There is, furthermore, a transatlantic element to the discussion, with Germany to many seeming to take a “rightist” economic position in this debate, while some prominent commentators in the U.S. represent a “leftist” point of view.

## German vs. American, Long vs. Short Term

The “American perspective” is that Greece is undergoing a deep recession, that recessions are times in which fiscal policy can be very powerful (as demonstrated by the U.S.), and so Greece should not focus on reducing its debt right now, but should rather increase spending to start growing again and potentially outgrow its debt. Europe should actively support these efforts.

Many economists (this author included) subscribe to everything in this statement. In fact, the Great

Recession has sparked fascinating research on fiscal policy, which found exactly what is said above, namely that recessions are times in which government spending can get the economy going, and outgrowing the debt seems possible.

However, there is an equally valid “German view” on things: Greece is an economy with deep structural problems (tax evasion, public administration weaknesses, low international competitiveness, etc.) which were masked in the early 2000s by a boom partly generated through cheap credit after European bond spreads converged to close to zero after the euro introduction. The Great Recession ended this (artificial) boom and problems emerge clearly now. In the medium to long run, Greece can only be helped by structural reforms. If these necessary reforms do not happen now, there is no hope that Greece will grow, and money given to Greece without a focus on substantial reforms might lead to short-term growth, but does not bring the Greek economy any closer to the European core. Note that the German perspective does not completely ignore the need for financial support: money is flowing into Greece, and any new negotiations involve substantial new financial support.

As different as they seem, maybe both perspectives are not that contradictory, but what is markedly different is the focus: the “American perspective” focuses on the short run (“how can we get growth in Greece now”), while the “German perspective” focuses on the medium to long run (“how can we get sustainable growth in Greece”).

Why this different focus? The “American perspective” (which is of course highly exaggerated here) might result from the background of its own experience of the Great Recession, which, at least partly thanks to

wise policies, did not turn out to be a Great Depression. The German background is a very different one. Germans did not even “feel” the Great Recession to a large degree. While GDP fell, employment continued to grow, and the German job miracle sailed through the Great Recession as if nothing ever happened! What Germans remember (and feel), however, are the substantial labor market reforms Germany undertook in the early 2000s. At a time during which many of the European crisis countries experienced a boom associated with significant wage growth, wages were basically stagnant for a decade in Germany, and labor market reforms increased the individual income uncertainty. Yet, these reforms are the most likely cause for the low unemployment rate Germany enjoys today, and for its success in dealing with the Great Recession. Greece has different problems, but is also in desperate need of reforms, so the majority of Germans think it should follow a similar road Germany took a decade ago.

### Finding a Way Forward

So what is the appropriate focus? The short run, given the acute crisis and the misery of parts of the Greek population, or the medium to long run? Should we be paying so much attention to the medium to long run given the dire present situation? There is an additional layer that comes into play when answering this question. The U.S. view sometimes refers to the situation of the states in the U.S.: why should we care about Greece getting closer to the European core? The U.S. has lived for a long time with a common currency but states in very different economic conditions: Alaska is roughly twice as rich in terms of GSP (gross state product) per capita as Mississippi—similar to Germany compared to Greece—and states coexist well and in peace with these large discrepancies. Also, U.S. states can and have defaulted in the past, so why not have a Greek default today and let Greece move on?

One weakness of this comparison is that not only do U.S. states have a common currency, but they are part of a federal government that is much stronger and has more unified policies on many levels than what we encounter on the EU level. Of course, problems like corruption, inefficiencies in the administration, and so on, also affect different U.S. states to a

different degree, but differences are likely smaller. Moreover, migration flows between U.S. states are higher than between European countries, if only because of the language barriers that exist in Europe, and serve as possible adjustment channels to state-specific shocks. Last but not least, many politicians dread the consequences of a default of a euro zone country for the stability of the euro zone, a stability which is no longer questioned in the U.S. Maybe the German vision of a unified Europe is also shaped by the experience of German reunification: there are still marked income differences between east and west (and of course also regionally within the west and within the east) in Germany, and no one disputes that they will be in place for some time to come, if not into the longer future. Still, the goal continues to be not to establish a “transfer union,” but instead promote independent, economically successful regions, and the quality of institutions is likely very similar between both regions.

Economists of both camps would probably agree that in an ideal world, we would focus only on employing forceful fiscal policy tools to get Greece out of the recession now, and implement severe structural reforms to obtain sustainable growth afterward. Political economy considerations are what make this tricky. Compare the situation to dealing with a patient with a heart attack: surely, emergency measures are needed to keep the patient alive in the short run, but lifestyle changes might be needed to keep the patient alive in the longer run. When should doctors start focusing on these lifestyle changes? Already in the hospital? Or much later, after rehabilitation? At which stage is the patient most likely to adapt the new lifestyle? Lifestyle changes are very hard to implement and to carry through. My own research has shown that individuals get used to the economic and political system under which they live, so implementing changes is hard and might be easier in a crisis situation. Germany, for example, only implemented labor market reforms after the number of unemployed people hit 5 million.

There are, of course, more facets to the discussion of how Greece can succeed than discussed in this short essay. Leaving the euro is an option for Greece not even touched upon here; this option has an entire new set of short and long-term consequences. And,

as already stated above, there are many more important challenges that Europe faces, and that do not now get the attention they need.

In my view, Germans see very clearly that we need the euro, and we need a stronger and more unified Europe. I think that Germans actually feel this more forcefully than many Europeans—indeed, the prospect of the UK leaving the European Union is seen with great concern in Germany. Hopefully, once we get the European debt crisis and the acute Greek crisis behind us, we can concentrate again on the many reforms necessary to make the European Union and the euro zone stronger and more efficient.



# GERMANY, THE UNITED STATES, AND CLIMATE LEADERSHIP IN A NEW AGE OF OIL

DAVID LIVINGSTON

## Introduction

The American adage “only Nixon could go to China” has become enshrined in political history, referring to the ability of a politician to undertake actions or reforms seen as difficult and against the traditional interests of his or her ideological constituency. It also captures the unusual, at times perplexing way in which Germany has grown into a role as arguably the world’s leading industrial country on the issue of climate change. Against expectations, successive conservative governments—and even Chancellor Angela Merkel herself—have shaped the modern climate regime from the beginning. It is a story which begins further into the past than many realize, and a role for Germany which requires revitalization and rejuvenation as the global economy and global climate discussion undergo significant upheavals in the decades ahead. A combination of science and necessity have opened up new pathways for U.S.-German cooperation on climate issues, and in particular on issues relating to oil and transport, but it will ultimately be up to the courage and creativity of each country’s leadership to seize upon these issues and pull the U.S.-German partnership on climate change into the twenty-first century.

## History

Starting in the 1980s under a conservative coalition government formed by the Christian Democratic Union (CDU) and the Free Democratic Party (FDP), Germany’s government, despite its stance as avowedly pro-economic growth, began calling for an ambitious and binding global climate framework to be housed under the United Nations.<sup>1</sup> In 1987, CDU chancellor Helmut Kohl declared climate change to be the world’s most “pressing environmental problem,” and three years later an official declaration

followed stating the government’s intent to reduce carbon emissions 25 percent from 1990 levels by the year 2005. Even amid the significant burdens of the reunification process starting in the 1990s, the climate action push of the German government continued unabated, and to some degree the “ecological” mindset was even used to rationalize the imposition of much-needed energy efficiency measures throughout the former East Germany.<sup>2</sup>

As environment minister under Chancellor Kohl, Angela Merkel played a key role in hosting the very first Conference of Parties of the UN Framework Convention on Climate Change (UNFCCC) in Berlin in 1995. It was at this meeting that a permanent secretariat for the UNFCCC in Bonn was agreed upon, and a key precursor to the Kyoto Protocol—the so-called “Berlin Mandate”—was quietly brokered by Merkel.<sup>3</sup> The following year, Merkel’s signature also appeared on the declaration by the European Council of environment ministers that “global average temperatures should not exceed 2 degrees above pre-industrial level,” becoming the first global political body to lend support to the canonical 2 degree target.<sup>4</sup>

The Kyoto Protocol was later conceived in 1997 and by the time it finally came into force in 2005, Germany had voluntarily undertaken the largest share of the EU’s greenhouse gas (GHG) emissions reduction burden. When Merkel was elected chancellor in late 2005, it was assumed that the new CDU-SPD coalition government would de-prioritize the environment, putting jobs and economic growth in the foreground. Surprising both supporters and critics, Chancellor Merkel’s government has for nearly a decade pressed ahead with putting climate change at the forefront of domestic policy reforms and international engage-

ment, even as coalition partners from across the political spectrum (the FDP and now once more the SPD) have cycled out and in again.

At home, the implementation of the enormously ambitious *Energiewende* project has set a new standard for policy-driven renewables and energy efficiency deployment, even as a brief renaissance for coal power, as well as the acceleration of Germany's long-planned nuclear phase-out, have been met with skepticism from some who have difficulty reconciling the realities of the country's energy sector evolution with its high-minded rhetoric of decarbonization.

The global financial crisis of 2008/2009 and the lingering European economic malaise have also begun to temper the once world-leading ambitions of the German government on climate action, and the newest policy initiatives out of Berlin—including a watered-down set of carbon regulations for polluting power plants—have drawn criticism even from ministers within the chancellor's own cabinet.<sup>5</sup> The imperative for compromise, particularly in a coalition as diverse as the current SPD-CDU one, is oftentimes high, and as a result the burden on the electricity sector to meet Germany's ambitious climate goals will be reduced, placing ever greater expectations on the transport sector and the petroleum value chain.

It is beyond German borders, however, where Chancellor Merkel's imprint on the global climate change conversation has been the most unambiguously transformative—and positive—over the past ten years. The G8 (later G7) has been a key fora for such agenda-setting. In 2007, Merkel surprised many at the G8 summit hosted in Heiligendamm by insisting on climate change as a top issue of discussion and in the same year led the charge for the EU to accept binding GHG emission targets, earning her the moniker "*Klimakanzlerin*" (climate chancellor) from the German press. With the pivotal Paris climate summit approaching at the end of 2015, Merkel is once again carrying the climate banner in the hope of impacting the pace and content of international negotiations. At the Petersberg Climate Dialogue in May 2015, she promised that Germany would double its contribution to international climate financing by 2020, a political down payment on what German leadership hoped would be a far more impactful

outcome at the G7 summit in Elmau the following month.

They received their wish, as G7 leaders agreed to "decarbonise the global economy in the course of this century" by phasing out fossil fuels.<sup>6</sup> The decision received top headline treatment from a number of world newspapers and was labeled by many as "historic," but self-satisfaction over the grandeur of the text has led to significant uncertainty over its implications: how will the G7 members transpose this gargantuan task into actionable policy measures? How will they hold one another accountable amid the inevitable gyrations of leadership in these key Western democracies? And finally, where might they cooperate and converge?

When considering the role of the U.S.-German relationship against the backdrop of the G7 decarbonization declaration, it is clear that the institutions, approaches, and strategies for climate cooperation between the two are outdated and poorly coordinated.

The power sectors of each country are highly idiosyncratic and largely localized, with the fate of the U.S. electric grid to be determined by the Obama administration's Clean Power Plan and the fate of the German grid to be determined by the continued evolution of the *Energiewende* and aforementioned power plant carbon regulations. Some cooperation will be possible, but it is a mature and highly contextual set of issues. In industry, the sheer scale and pace of change being brought about by the internet, remote sensing technologies, and intelligent automation ensures untapped opportunities for collaboration—and even healthy competition—between the U.S. and Germany in identifying ways to shrink the carbon and energy footprint of industrial activity.

However, it is in the world of petroleum where the greatest unexplored and untapped opportunities for new partnerships exist, with benefits that cut across economics, security, and environmental challenges.

### The Centrality of Oil

No energy resource highlights the complexities of the energy trilemma—balancing security with affordability

and environmental sustainability—nor invite such diverse responses and policy approaches from world governments, as does oil. The United States and Germany have had this fact repeatedly woven throughout their industrial histories. Black gold persists as a commodity whose future is of paramount importance for boardrooms in New York and Frankfurt, for ministries and departments in Washington and Berlin, and for the global millennial generation that will soon enough inherit a world replete with technological, cultural, and environmental change.

Oil is the single largest energy source for both the United States and Germany, though this is often forgotten, overshadowed by coal in conversations on climate change, or by gas in conversations on energy security and geopolitics. As industrial superpowers and key axes of the automotive industry, the United States and Germany have for many decades seen their economies as inextricably linked with the ups and downs of the global oil market.

And yet, through regular energy crises—the closing of the Suez Canal in 1956, the Arab oil embargoes of the 1970s, the growth and subsequent stigmatization of nuclear energy—both the U.S. and Germany have thrived, proving remarkably resilient despite their status as the largest oil importers on their respective continents. The United States has done this with

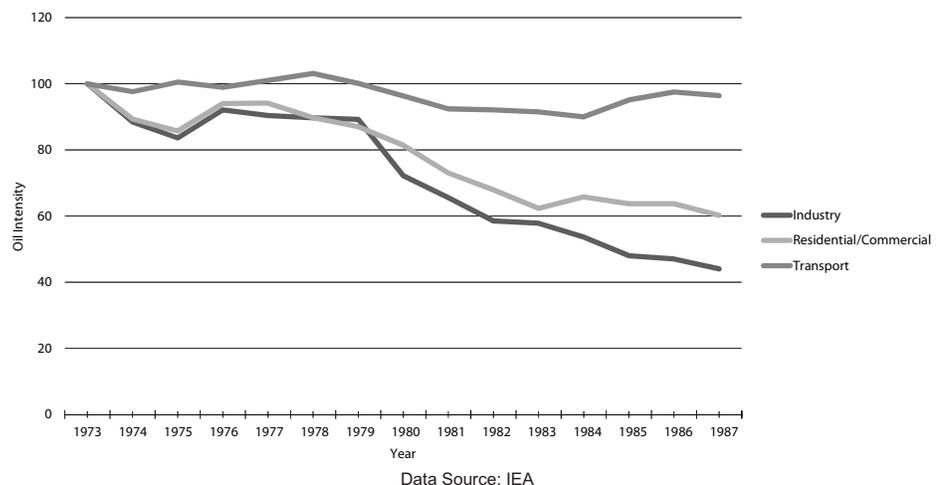
innovation and profligacy in both oil production and oil consumption, while Germany has achieved it despite being home to not a single international oil major nor any significant reserves of crude oil.

In understanding how this is possible, as well as the role that oil will play in both powers' future, a more nuanced perspective is needed. In short, it is the evolution of the oil intensity of the American and German economies that has underwritten their robustness to market swings, and it is this continued evolution, along with the carbon intensity of their oil use moving forward, that together offer many untapped opportunities for joint global leadership on oil governance in the twenty-first century.

### Oil Intensity

The oil price shocks beginning with the Arab oil embargo of 1973 came as a surprise to many oil-importing developed countries. Exposed for the first time to broad dependence of their economies upon inexpensive, globally-sourced crude, OECD governments pursued various diversification strategies over the ensuing decade. France pursued a state-led expansion of nuclear power for its electricity sector; Italy increased its coal imports from nearby producers; while the U.K. and Norway encouraged increased oil exploration and production from the North Sea.

Figure 1: Reduction of Oil Intensity in Major Sectors of IEA Countries, 1973-1987



In Germany, the government banned the use of oil for electricity generation and began actively subsidizing domestic coal production,<sup>7</sup> while in the United States, new restrictions were placed on the use of petroleum in the electricity sector and the upstream oil industry was deregulated and given tax benefits to encourage domestic production.

Almost all of these strategies pertained to either reducing the amount of oil used in the industrial and power sectors on the one hand, or increasing the domestic production of oil on the other. Across multiple geographies, apart from new vehicle fuel efficiency standards in a number of countries, very little was done to reduce the oil intensity of the transport sector.

From 1973 to 1987, the industrial sectors of IEA countries (a grouping of developed oil importers) saw an oil intensity drop of 66 percent, while the household and commercial sector saw a likewise significant drop of 40 percent (Figure 1). These are particularly impressive numbers given the durable, long-lived nature of infrastructure and equipment in these sectors, though some of the decline may be due to a decline in economic growth over the period that would be expected to disproportionately impact energy-intensive activities. The decline in the transport sector's oil intensity, approximately 4 percent, pales in comparison, underscoring a historical lack of viable, cost-effective alternatives to oil-dependent infrastructure and fixed capital.

The United States even experienced backsliding in the oil dependency of its transport sector for a number of years as improvements in vehicle fuel efficiency standards were frozen for two decades ending

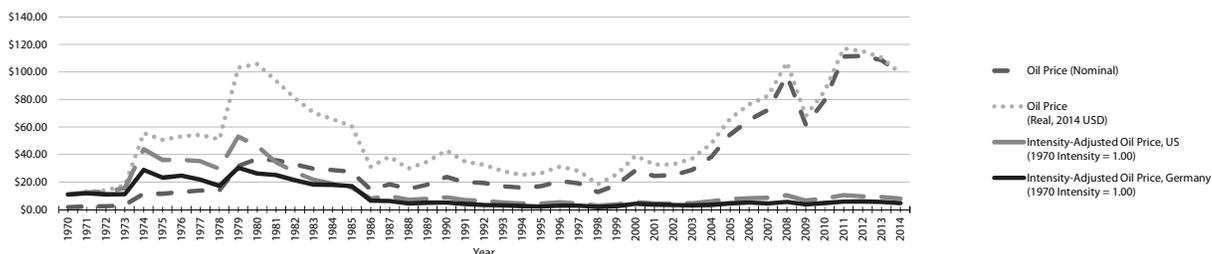
in 2005 and gasoline taxes have remained constant since 1993 without inflation-indexation, allowing a proliferation of SUVs, Hummers, and other large vehicles to drive oil demand in the United States to a record high in the mid-2000s.<sup>8</sup>

Yet, even without major contributions over the past several decades from the transport sector, the broader economies of the United States and Germany have continued to see a significant reduction in oil intensity. It is for this reason that the two countries, though different in many ways, have weathered equally well the dramatic oil price swings of the past half century.

A brief analysis is instructive. When looking only at nominal prices, the swings are mind boggling. The crude oil price increased more than sixty-fold, from \$1.80 in 1970 to \$112 in 2012. However, two key adjustments are required. The first is intuitive and well-known: an adjustment for inflation to arrive at constant, or "real" prices. This adjustment reveals the price swings to be less dramatic yet still significant. It is the second adjustment, one that accounts for changes in the oil intensity of the economy, that yields the greater insight.

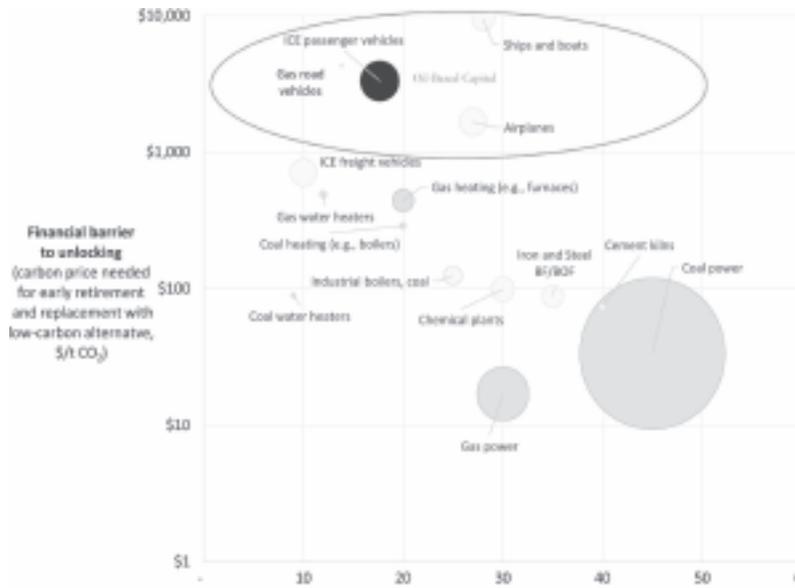
The oil intensity of the economy can be defined as total domestic oil consumption divided by real GDP in a given year. This calculation yields a multiplier that, when applied to the annual price of oil, reveals the importance of the U.S. and Germany's increasingly efficient usage of black gold in their economies. The 1970s oil price spikes can still be clearly seen, but the raft of measures introduced thereafter have ensured that the inflation and oil intensity-adjusted oil price has maintained remarkably low and stable

Figure 2: Nominal, Real, Intensity-Adjusted Oil Prices, 1970-2014



Data Source: BP Statistical Review of World Energy 2015, World Bank

Figure 3: Equipment Lifetime, Years  
(Full technical lifetimes, assuming no carbon price)



Data Source: Adapted by author from research by Stockholm Environmental Institute

from the mid-1980s until today (see Figure 3).

Of course, the historical data in the graph above ends at 2015, and thus does not capture fully the historic collapse in crude prices now turning the oil industry on its head. Prices have at times approached levels just one-third of their highs last year, with the danger that prolonged low prices may reverse the prolonged trend for the economy of declining oil intensity, particularly in the United States where petroleum product prices are not buttressed by high levels of taxation.

Already, there is evidence of such slippage. Gasoline sales in the United States rose by the fastest level in over a decade in July 2015, and low oil prices may also hurt the competitiveness of alternatives such as biofuels and electric vehicles. As oil intensity climbs once again, the economies of the United States and Germany are exposed to inevitable future volatility at greater magnitude.

Where, then, might the two countries cooperate to jointly promote continued reduction in the oil intensity of their economies and shared progress toward climate goals?

### Today's Approach

One popular response has been to continue to promote the deployment of alternative transport technologies, such as biofuels, hybrids, and electric vehicles, through subsidies or mandates on automakers. Yet these approaches all have their limits, and it is not as easy as many have surmised to say "auf wiedersehen" to carbon-based fuels.

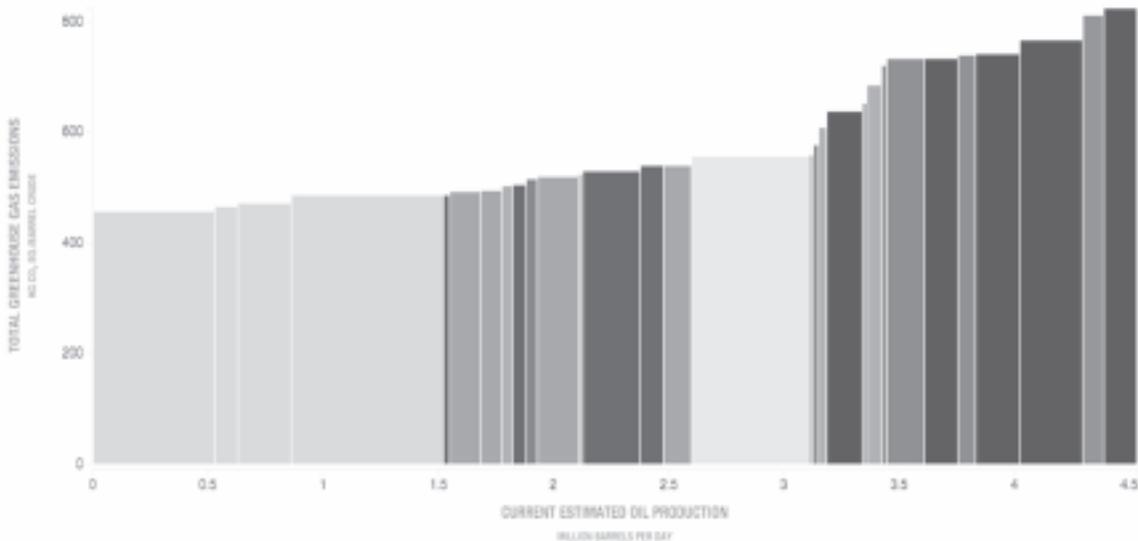
Biofuels have promise in many specific contexts, but an over-emphasis by policy on first-generation biofuels has raised many complex issues around indirect land use change, global food prices, and the climate benefits of such fuels. Automobile manufacturers can only move so fast to revamp their entire product offering

in response to policy signals, and this process involves massive investments with global spillovers. Electric and hydrogen fuel cell vehicles, though extremely promising over the long term, have plentiful challenges competing in today's low oil-price environment without heavy subsidization. The relatively high costs of unlocking truly decarbonized alternatives to conventional transportation technologies, particularly when compared to physical capital in other sectors, is visible in Figure 3.

Even hybrid vehicles, which offer a far more efficient path for the petroleum-based economy, are not alone sufficient to ensure a meaningful climate impact.

For example, Toyota announced last year that it had sold 2.4 million Toyota and Lexus hybrids throughout North America, saving approximately 500 million gallons of gasoline every year.<sup>9</sup> If all of this gasoline were refined from the oil in the Carnegie Endowment's "Oil Climate Index" (OCI) with the lowest GHG-per-MJ of petroleum product rating (Norway Ekofisk), it would point to a savings of 4.8 million metric tons of GHG savings per annum.<sup>10</sup> For context, this is less than one-quarter of the annual

Figure 4: Total Estimated GHG Emissions and Production Volumes for 30 OCI Test Oils



Source: Carnegie Endowment for International Peace

greenhouse gas emissions from the most carbon polluting coal plant in the United States (the Scherer plant in Juliette, Georgia) and roughly one-sixth that of the most polluting coal plant in Germany (the Neurath plant in Grevenbroich, Northrhine-Westphalia).<sup>11</sup>

However, if all of the displaced gasoline were refined from the oil with the highest GHG-per-MJ of petroleum product rating in the OCI (China Bozhong), it would point to a savings of 8.4 million metric tons of GHG savings per annum. There are assumptions and methodological approaches that can be debated in these calculations, but the key takeaway holds: displacing the dirtiest oils in the global economy is worth almost twice as much in terms of climate benefit as displacing the cleanest oils in the global economy. Even among the thirty oils initially analyzed by the OCI, the diversity of climate impacts among the oils available to modern industrial societies today is impressive.

### Conclusion: A Modest Proposal for Tomorrow

At a time when increasing regulatory burden is being placed on the vehicles using crude oil, surprisingly little scrutiny is paid to the oils themselves. Clearly,

there is an opportunity for the United States and Germany to collaborate on a novel enhanced approach to decarbonizing the transport sector by focusing on lowering emissions across the entire petroleum value chain, not just at the point of combustion.

This approach could derive from—and improve upon—Germany’s implementation of the nascent EU Fuel Quality Directive legislation, which requires a gradual reduction in the carbon intensity of the EU transport fuel mix, as well as California’s Low Carbon Fuel Standard that shares a similar aim. Both of these existing policies are well-intentioned but flawed, in many cases encumbered by the fact that other major economies have not chosen to pay attention to the growing diversity of climate impacts among the varieties of crude in existence today, from shale oil to oil sands to arctic oil and beyond. If major economies and oil users such as the United States and Germany were to work toward a common, science-based regulatory approach, they would reduce the overall economic cost of such regulation, lower the carbon footprint of oils while oil alternatives continue to mature, and more equally share the burden of decarbonization among stakeholders in the transport sector.

On a longer timescale, such an approach could also lay the groundwork for yet more innovative approaches to climate policy such as labeling the origin, carbon intensity, and other parameters of transport fuels directly at the pump, so that the next generation of consumers are more empowered to exercise choice in the market, or using isotopes or other chemical markers to track crude oils and intermediate feedstocks as they move around the market.

Some will find such ideas staid and unadventurous, while others will dismiss them as avant-garde and unachievable. That they can simultaneously exist as all of these things in the minds of serious people is not discouraging, but exciting. It points to the “uncharted waters” that the world of oil represents for climate policy, and suggests a truly significant opportunity for Germany and the United States to jointly seize. In doing so, Germany would renew and reaffirm its leadership on climate change, the United States would demonstrate to the world a new level of seriousness and creative thinking on climate issues, and the two—in partnership—would use the transatlantic relationship in a new and innovative way.

When Nixon was asked why he took his historic trip to Communist China, at the height of the Cold War, he answered, “Taking the long view, we simply cannot afford to leave China forever outside the family of nations.” The same could be said for the role of oil in the family of energy resources when considering the long view on how the G7 climate challenge might one day be met.

<sup>1</sup> Helmut Weidner, “Climate Change Policy in Germany: Capacities and Driving Forces,” European Consortium for Political Research, Paper prepared for the workshop “The Politics of Climate Change,” ECPR Joint Session of Workshops, Rennes, 11-16 April 2008.

<sup>2</sup> Ibid.

<sup>3</sup> UNFCCC, Report of the Conference of the Parties on its First Session, Held at Berlin from 28 March to 7 April 1995, FCCC/CP/1995/7/Add.1, 6 June 1995, <http://unfccc.int/resource/docs/cop1/07a01.pdf>

<sup>4</sup> European Council of Environment Ministers, Press Release PRES-96-188, European Commission Press Release Database, [http://europa.eu/rapid/press-release\\_PRES-96-188\\_en.htm?locale=en](http://europa.eu/rapid/press-release_PRES-96-188_en.htm?locale=en)

<sup>5</sup> Barbara Hendricks, “Der Kohleabschied kommt,” *Die Welt*, 3 July 2015, [http://www.welt.de/print/die\\_welt/debatte/article143478013/Der-Kohleabschied-kommt.html](http://www.welt.de/print/die_welt/debatte/article143478013/Der-Kohleabschied-kommt.html)

<sup>6</sup> G7, Leaders’ Declaration G7 Summit 7-8 June 2015, Schloss Elmau G7 Summit, [https://www.g7germany.de/Content/DE/\\_Anlagen/G8\\_G20/2015-06-08-g7-abschluss-eng.pdf?\\_\\_blob=publicationFile](https://www.g7germany.de/Content/DE/_Anlagen/G8_G20/2015-06-08-g7-abschluss-eng.pdf?__blob=publicationFile)

<sup>7</sup> Power plant operators in Germany were compensated by the government, who paid for the cost difference between oil and coal, which had historically been a much more expensive feedstock. These payments continued until 1994, when the Constitutional Court ruled against them on the basis of the electricity price levy used to fund the payments.

<sup>8</sup> Vaclav Smil, “The Real Price of Oil,” *IEEE Spectrum* (21 September 2015).

<sup>9</sup> Toyota, 2014 Environment Report, <http://www.toyota.com/usa/environmentreport2014/carbon.html>

<sup>10</sup> 500 million gallons \* 120MJ/gallon = 60 billion MJ of oil product energy. If 60 billion MJ is multiplied by the GHG-per-MJ rating of Norway Ekofisk (0.08kg of CO2 equivalent per MJ), it results in an estimated 4.8 billion kg of CO2 equivalent, which can be restated as 4.8 million metric tons of GHG. If 60 billion MJ is multiplied by the GHG-per-MJ rating of China Bozhong (0.14kg of CO2 equivalent per MJ), it results in an estimated 8.4 billion kg of CO2 equivalent, which can be restated as 8.4 million metric tons of GHG.

<sup>11</sup> For facility level emissions in the United States, see: <http://ghgdata.epa.gov/ghgp/main.do>.

For a description of the most carbon-polluting plants in Germany, see: <http://www.theguardian.com/environment/2014/jul/22/germany-uk-poland-top-dirty-30-list-eu-coal-fired-power-stations>



# FACING REALITY: THE SUMMER OF 2015 AND GERMANY'S LONG PATH TO A "COUNTRY OF IMMIGRATION"

HENRIETTE RYTZ

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Summers are usually political off-seasons in Germany, as they are in many other democracies where national parliaments enjoy long summer recesses and the bulk of the political tribe joins them in their leave. The so-called "*Sommerloch*" (meaning summer slump, or, literally, summer gap) is particularly visible in the German media, which, throughout July and August, fills its pages and programming hours with long stories on topics that usually do not make the headlines, even focusing on such "events" as escaped pets or zoo animals.

This year has been different. The summer gap was drastically minimized by one news item in particular. After the near financial collapse of EU member state Greece dominated the first summer weeks, by mid-July the unusually large flow of refugees to Germany became the topic of the summer.<sup>1</sup> Whereas in 2014, about 173,000 persons applied for asylum in Germany,<sup>2</sup> this year more than four times as many, up to at least 800,000 persons, are expected to do so, according to government estimates. A large number of refugees stem from the conflict zones in Syria, Afghanistan, and Iraq. Many others are arriving from the West Balkans and Sub-Saharan Africa.

Cynically speaking, this year the refugee issue more than filled the summer gap. The media published countless reports on thousands of lives lost in the Mediterranean when overloaded boats sank, drawing their "cargo," refugees perched together, into death. They also covered extensively the initial helplessness of the German government—the months it took Chancellor Angela Merkel to visit a refugee camp, and the eventual political turnaround, epitomized by Merkel's decision to let in immigrants stuck en route in Hungary (where the refugee-hostile government of Victor Orbán refused to register them), and the public

outcry when her Minister of the Interior reintroduced controls at the border with transit country Austria only one week later.

Almost on a daily basis, the media reported about attacks on refugee homes, usually burned to the ground right before refugees were expected to move in. More shocking news than the attacks themselves, however, was the crowds that cheered them on. The late August riots in front of the shelter in the Saxon town of Heidenau, witnessed by an approving local "audience," were the worst race riots in Germany since a wave of similar attacks in the early 1990s. Residents of Freital, another Saxon town, demonstrated against refugees and spoke their racist minds into television cameras. However, the racist anti-refugee sentiment has not been confined to the territory of the formerly socialist East Germany. In the first half of 2015 alone, the Federal Criminal Police Office (*Bundeskriminalamt*, BKA) counted 173 attacks on refugee shelters nation-wide (in 2012, there had been only 24 such attacks in total).<sup>3</sup>

It is also important to note that the racist attacks and the anti-immigrant sentiment coming to the surface in parts of the public have been contrasted with a wide outpouring of support for the refugees. Throughout Germany, thousands of volunteers have been organizing, helping newcomers to fill out forms, offering language classes or child care, or simply providing them with food and clothing. Seeing this overwhelming support has been extremely encouraging.

## The Summer of 2015 in the Context of the Wider German Debate on Integration

To be sure, the summer of 2015 is just one aspect of the current debate on immigration and integration. However, as it is set to shape the image of German society for years to come—as Chancellor Merkel herself has proclaimed<sup>4</sup>—the debate cannot be analyzed without taking it into consideration. The picture of refugees chanting “Germany, Germany” when denied access to Munich-bound trains by the Hungarian government in Budapest Central Station in early September tells us as much about Germany’s appeal as a country of immigration as it does about the failure to orchestrate a European response to the current mass migration to Europe.

The summer of 2015 has also begun to overshadow the long path Germany has taken in the field of integration. If the enthusiasm by which the public currently welcomes the refugees should start to fade and the racist sentiment witnessed in Freital, Heidenau, and other places grows deeper and wider roots, this summer could have the potential to endanger the huge progress German society (and politics) has been making since the beginning of the century.

The early 2000s were the time when Germany, having been a de-facto country of immigration for basically all of its history, finally recognized reality. Although it took Chancellor Merkel (in office since 2005) ten years to pronounce this definition,<sup>5</sup> policies in her tenure have reflected this change of mind in Germany’s self-definition of a country.<sup>6</sup> Single members of her cabinet were much quicker than she in admitting this, as was her fellow Christian Democrat and Germany’s president from 2010 to 2012, Christian Wulff, who declared Islam to be an “integral part” of Germany. He thus included the country’s largest immigrant community, Turkish-Germans, most of whom are Muslim (whether actively practicing or merely cultural), in his definition of Germanness.<sup>7</sup> The response by the media and public was enormous, and Wulff’s words continue to be a point of reference in the German debate on immigration and integration to this day.

The first policy step from “reluctance” to “accep-

ance” with regard to Germany’s immigration history and reality, however, was made by the so-called red-green government, the governing coalition of the Social Democrats and the Green Party that came to power in 1998. While the outgoing Minister of the Interior, Manfred Kanther, had still claimed that Germany “[wa]s not and should not become a country of immigration,” new chancellor Gerhard Schröder used his inaugural address to call for a “resolute integration policy.”<sup>8</sup> The new rhetoric, soon to be channeled into policy, was certainly also driven by economic considerations: Germany faced a demographic dilemma, with a comparatively low birthrate and an aging population.

Germany officially labeling itself as a “country of immigration” was an enormous achievement in different ways. More than fifty years after the most extreme form of racist violence humankind has ever experienced, Germany had become a country welcoming of immigration. More than that, rather than just wanting the newcomers to contribute to Germany’s economic well-being or providing them with refuge from political or other persecution, German policymakers now set the tone for society to accept immigrants as “theirs,” as Germans. This implied a move beyond physical and biological definitions of German ethnicity, which had long dominated public thinking, toward a cultural—and hence far more open—definition of Germanness.

## From Self-Definition to Policy: Tackling the Reality of Being a Country of Immigration

This move was embodied in a number of laws passed since the start of the new millennium. The new Nationality Law of 2000 was followed five years later by a new Immigration Act (*Einwanderungsgesetz*). For the first time, immigration and integration became two sides of the same coin. Earlier laws, in particular the regulation inviting guest workers from Mediterranean countries to Germany in the 1950s and 1960s, had been drafted according to the belief that immigrants would return to their respective home countries eventually (“rotation principle”). In fact, many migrants shared this belief, only to realize, as time went on, that they had been growing roots. On the policy level, the assumption of eventual return meant that efforts to integrate those assumedly

temporary co-citizens were deemed unnecessary.

The new laws now provided for what had long been a reality—immigrants settling down, starting families, and having family members from their home countries join them. The 2000 Nationality Law improved the naturalization process and supplemented the prevalent “*ius sanguinis*” (citizenship by ancestry) with some elements of “*ius soli*” (citizenship by birth). It thus paved the way for dual citizenship, which before had largely been reserved for European Union citizens. The new dual citizenship, however, came as a sham package. Dual citizenship was only temporary, confined to children born in Germany who, as young adults at the age of 21, were forced to choose between the citizenship of their ancestors and that of their birth country (“*Optionspflicht*,” or option model).

However, the significance of the 2005 Immigration Act reached beyond citizenship provisions. It was also the first integration law in Germany history. The necessity to integrate the foreign-born population into German society had finally provoked a policy response. The law provided for language and so-called integration classes, teaching immigrants about German history, politics, and culture. The same year, North-Rhine Westphalia was the first German state to establish a ministry of integration.

The flaws of the new laws reflected the years of struggle. Although Germany had now officially been pronounced a “country of immigration,” both policymakers and society were struggling to fully embrace this reality. The consequences were compromises such as an only temporary dual citizenship. As time went on, however, acceptance seemed to grow, leading the current government, the so-called grand coalition between the Christian Democrats and the Social Democrats (in power since 2013), to correct some of the flaws. In particular, it got rid of the “*Optionspflicht*,” i.e., the obligation to choose between one citizenship and another as a young adult. Now, if you have lived in Germany for at least eight years, or have attended a German school for at least six years, or have graduated from school or completed vocational training, you may remain a citizen of both Germany and a second country.

Germany has now become the second most attrac-

tive immigration destination in the world. In a ranking by the Organization for Economic Co-Operation and Development (OECD), Germany moved from being the eighth largest receiving country (in 2009) to second place (in 2014), ahead of “traditional” countries of immigration like Canada and Australia, with the United States remaining in first place. Speaking in figures, in 2012, about 400,000 migrants came to Germany.<sup>9</sup> According to the last census in 2011, 6 million persons with a foreign passport and 3 million with a so-called migration background (i.e., with family roots in another country) live in Germany.<sup>10</sup>

In the public discourse, the move toward greater acceptance also became visible. Whereas “*Ausländer*” (foreigner) was a common term as little back as in the 1990s, it is now considered politically incorrect and has been commonly replaced by “*Einwanderer*” (immigrants) or “*Migrant*” (migrant). The term “*Asylbewerber*” (“asylum seeker”), prevalent in the 1990s, has been replaced by “*Flüchtling*” (“refugee”), implying more empathy for the newcomers.

### The Re-emergence of Xenophobia and Hate Crimes: The Setbacks on the Way toward Embracing Immigration and Integration

Germany has come a long way toward embracing the notion of being a country of immigration. This is why the attacks on refugee shelters and the silent or open approval by parts of the local public we saw this summer have such a worrisome and, possibly, devastating effect. They tug at a wound that seemed to be finally healing. They bring back the memory of burning shelters of “asylum seekers” in the early 1990s. When the borders in Eastern Europe opened, people fleeing conflict zones worldwide came to Germany. Rostock-Lichtenhagen, Hoyerswerda, Mölln—these are places that to this day are connected in public memory with racist attacks against asylum seekers. And the images of the summer of 2015 remind us of them—burning refugee shelters, cheering crowds, and an overwhelmed police force.

Particularly worrisome is the fact that the riots took place shortly after anti-immigrant sentiment had

erupted again in parts of the German public. Last winter, a new xenophobic movement emerged in Germany. Making its first and strongest appearance in Dresden, the capital of Saxony, the so-called Pegida movement triggered offshoots in several other cities throughout Germany. Pegida stands for “Patriotic Europeans against the Islamization of the Occident” (*Patriotische Europäer gegen die Islamisierung des Abendlandes*), the name viciously borrowing from an assumedly non-Muslim European identity. The movement also did not stop short of evoking the revolutionary spirit of the summer of 1989 when citizens of socialist East Germany took to the streets, gloriously provoking the fall of the Berlin Wall. Pegida perverted the famous 1989 chant “*Wir sind das Volk*” (“We are the people”) into a call for a non-Muslim German nation, evoking the image of an oppressed citizenry.

The racist sentiment expressed in the Pegida demonstrations and attacks against refugee shelters are a political wake-up call. Fortunately, as described above, the counter-movement has been fantastically strong. Throughout Germany, thousands of volunteers help incoming refugees ease the transition into their new lives. The four parties represented in the Bundestag have been unequivocal in their rejection of Pegida. Pegida demonstrations have been met with strong counter-demonstrations. Yet, the fact that open racism finds a public in Germany today is alarming and calls for strong political responses.

### The Way Forward: Providing Immigrants with a Perspective

So how should we react? What is clear is that we should avoid the mistakes made in the early 1990s. Sadly, the political response to Rostock-Lichtenhagen, Hoyerswerda, and Mölln was to give in to the Neo-Nazis. Politicians interpreted the attacks as a consequence of a flaw in the law—mind you, in the *Grundgesetz*, Germany’s constitution. In May of 1993, for the first time in the history of the Federal Republic of Germany, a constitutional right was revoked when the right to political asylum was curtailed considerably. Providing a safe haven to refugees holds particular importance in Germany as a lesson from the devastating experience of rule by the Nazi regime. With the 1993 change of law,

foreigners entering via so-called safe third states in which they are not persecuted but can find protection do not have a right to asylum in Germany.<sup>11</sup> In addition, some countries of origin were declared “safe” and their population exempt from the right to asylum in Germany.<sup>12</sup> As a result, the number of asylum seekers dropped significantly, and the law has been considered a success.

One of Germany’s most renowned migration experts, Klaus J. Bade, comes to the conclusion that the policy failure to support the integration of the large numbers of guest workers and their families who came to Germany in the 1950s and 1960s fueled the escalation of xenophobic sentiments that led to the riots and, thus, eventually, to the constitutional change of the early 1990s.<sup>13</sup> In the following years, rightwing extremists radicalized further, among them the NSU (*Nationalsozialistischer Untergrund*), the organization responsible for several bomb attacks and the killing of ten people between 1999 and 2007—their motivation: racism. It took the police many years to establish a link between the particular deeds—an outrageous failure by the German authorities in the fight against hate crimes.<sup>14</sup> However, when the only surviving NSU member, Beate Zschäpe, was put to trial starting in May 2013 (to wide media coverage), the wounds of integration failures seemed to be healing in Germany.

The number of refugees Germany is receiving now far outnumbers that of the 1990s. This means that the desire to welcome and integrate the newcomers must be stronger now. We must look forward, not backward. Our country, our economy, our society will not be able to thrive without immigration. It is not just our human obligation, but also in our very pragmatic interest to ease their transition and act as a genuine country of immigration.

The most important policy step, after offering food and shelter, is to provide refugees with a perspective. Integration can only work if immigrants have a chance to work, to provide for themselves, to grow roots. In fact, we have done it before, but so successfully that we tend to forget about it. With the break-up of the Soviet Union, over 3 million “Aussiedler” (ethnic Germans) came to us.<sup>15</sup> These ethnic Germans had distant family roots in Germany, often reaching back

centuries. We welcomed them by granting immediate citizenship and comprehensive integration aid, through language and culture classes. Many of them have dissolved into German society, have built homes and obtained university degrees. Helene Fischer, possibly Germany's most popular singer at the moment, able to fill Berlin's Olympic Stadium two nights in a row for a concert, was born to Russian-German parents in Siberia.

What we can—and must—learn from the *Aussiedler* experience: Integration works if we really want it and commit to it. What we need now is a new immigration law that bundles and expands pathways for legal work migration (*Einwanderungsgesetz*). Support for such a law is growing within the ruling Christian Democrat party, although the party leadership has postponed tackling this project until after the next national elections in 2017. However, the pressure is on and will hopefully yield results. With regard to the economic opportunities such a law would provide to an industrial nation with an aging population, it should only be a question of time.<sup>16</sup>

Finally, policy responses cannot be confined to Germany. The European Union needs to formulate common and human political responses to the current refugee crisis. Turning Europe into a fortress cannot be the answer. Attempts by single member states to move in that direction, such as Victor Orbán's policy of constructing border fences and denying registration to refugees, must be pushed back by a strong, unified, and above all, humanitarian response by the European partners. Let us not forget—for centuries, Europe was the origin of large migration waves. Their scale far exceeded the wave of the summer of 2015. Now is the time to give back.

<sup>1</sup> See "Griechenland und Flüchtlinge in den Medien," *Frankfurter Allgemeine Sonntagszeitung*, 13 September 2015, p. 37.

<sup>2</sup> Bundesamt für Migration und Flüchtlinge, "Aktuelle Zahlen zu Asyl," Ausgabe: August 2015, [http://www.bamf.de/SharedDocs/Anlagen/DE/Downloads/Infothek/Statistik/Asyl/statistik-anlage-teil-4-aktuelle-zahlen-zu-asyl.pdf?\\_\\_blob=publicationFile](http://www.bamf.de/SharedDocs/Anlagen/DE/Downloads/Infothek/Statistik/Asyl/statistik-anlage-teil-4-aktuelle-zahlen-zu-asyl.pdf?__blob=publicationFile), p. 4.

<sup>3</sup> Jörg Diehl, "Polizei gegen Flüchtlingsfeinde: Die überforderten Beschützer," *Spiegel Online*, 28 July 2015, <http://www.spiegel.de/politik/deutschland/fluechtlinge-anschlaege-lassen-sich-kaum-verhindern-a-1045566.html>

<sup>4</sup> "Merkel: 'Flüchtlingskrise wird Deutschland verändern,'" *Euronews.de*, 7 September 2015, <http://de.euronews.com/2015/09/07/merkel-fluechtlingskrise-wird-deutschland-veraendern/>

<sup>5</sup> On 1 June 2015, she said that Germany was "in principle a country of immigration" (<http://www.faz.net/aktuell/politik/ausland/europa/angela-merkel-sieht-deutschland-als-einwanderungsland-13623846.html>, Aug. 27, 2015).

<sup>6</sup> Henriette Rytz, "Immigrants in Foreign Policy Making in Germany and the U.S.: Two Very Different Struggles to Embrace Diversity," *AICGS Transatlantic Perspectives* (November 2011).

<sup>7</sup> Being delivered as part of a speech on the occasion of the 15th anniversary of German re-unification on 3 October 2010, this statement became even more powerful.

<sup>8</sup> Bundeszentrale für politische Bildung, "Migration und Integration," Informationen zur politischen Bildung Nr. 324/2014 (16 December 2014), [www.bpb.de/izpb/198020/migration-und-integration](http://www.bpb.de/izpb/198020/migration-und-integration).

<sup>9</sup> OECD, Migration Policy Debates, May 2014, <http://www.oecd.org/berlin/15-migration-really-increasing.pdf>.

<sup>10</sup> Bundeszentrale für politische Bildung, "Migration und Integration," Informationen zur politischen Bildung Nr. 324/2014 (16 December 2014), [www.bpb.de/izpb/198020/migration-und-integration](http://www.bpb.de/izpb/198020/migration-und-integration).

<sup>11</sup> Federal Office for Migration and Refugees, "Compromise on asylum guarantees protection for victims of political persecution," 3 May 2011, [http://www.bamf.de/EN/Migration/AsylFluechtlinge/Asylverfahren/EntwicklungAsylrecht/Asylkompromiss/asylkompromiss-node.html;jsessionid=596B615BD4B8EDDE44CF44C177F1B0091\\_cid359](http://www.bamf.de/EN/Migration/AsylFluechtlinge/Asylverfahren/EntwicklungAsylrecht/Asylkompromiss/asylkompromiss-node.html;jsessionid=596B615BD4B8EDDE44CF44C177F1B0091_cid359).

<sup>12</sup> Bundeszentrale für politische Bildung, "Vor zwanzig Jahren: Einschränkung des Asylrechts 1993," 24 May 2013, <http://www.bpb.de/politik/hintergrund-aktuell/160780/asylkompromiss-24-05-2013>.

<sup>13</sup> Bundeszentrale für politische Bildung, "Migration und Integration," Informationen zur politischen Bildung Nr. 324/2014 (16 December 2014), [www.bpb.de/izpb/198020/migration-und-integration](http://www.bpb.de/izpb/198020/migration-und-integration).

<sup>14</sup> See Heribert Prantl, "Spiel mir das Lied vom Tod," *Sueddeutsche Zeitung*, 23 August 2012, <http://www.sueddeutsche.de/politik/jahre-rostock-lichtenhagen-spiel-mir-das-lied-vom-tod-1.1448105>.

<sup>15</sup> Bundeszentrale für politische Bildung, "Aussiedlermigration in Deutschland," 15 March 2005, <http://www.bpb.de/gesellschaft/migration/dossier-migration/56395/aussiedlermigration>.

<sup>16</sup> For the economic benefits, see Ian Buruma, "Necessary Migrants," *project-syndicate.org*, 7 September 2015, <https://www.project-syndicate.org/commentary/europe-needs-economic-migrants-by-ian-buruma-2015-09#X7IXbqw7ZThkDrc5.99>.



# REASSESSING THE JIHADIST THREAT

PARKE NICHOLSON

The United States and Europe have a long history with terrorism. The high-profile assassinations, bombings, and hijackings of the twentieth century captured the popular imagination. These threats continue alongside the rise of jihadist milieus in the suburbs of London, Paris, Madrid, Hamburg, and several American cities. The internal and external threat of political or religiously-inspired violence has become a part of modern society.

Fourteen years after the devastating attacks of September 11, the transatlantic community is still engaged in a so-called “endless war” with a violent, religiously imbued creed. Europeans vividly remember the attacks that killed 191 in Madrid in 2004, 52 in London in 2005, and 17 in Paris last year. The fear of another catastrophic attack thus continues to shape the American and European public’s perception of terrorism. As a result, governments have invested heavily to address the threat and it has been an important rationale for sustaining two prolonged wars in the Middle East.

Al Qaeda’s organizational apparatus has since been eroded and its founder killed by U.S. special forces. While splinter groups carry the Al Qaeda banner, most are arguably more focused on fighting the repressive regimes in the Middle East and North Africa than attacking the West. The United States has not suffered anywhere close to the kind of devastation from the attacks on the World Trade Center and the Pentagon in 2001, though the moniker “war on terror” still persists.

Meanwhile, a surprising number of young Americans and Europeans have become inspired by various extremist causes and are lured by the success of the Islamic State (ISIL). Though many would-be perpe-

trators of terrorism are simply incompetent criminals, the concern remains that others will return hardened by the war-torn battlefields of Iraq, Syria, or Chechnya. However, out of the 201 failed, foiled, or completed terrorist attacks on European Union member states reported in 2014, only two were clearly religiously-inspired. Meanwhile, the threat from the right-wing extremist scene has been growing in opposition to the influx of migrants from predominantly Muslim countries.<sup>1</sup>

This complex picture has made it difficult for political leaders in both the United States and Europe to adopt a balanced response to terrorism and violent extremism. The narrative that Islam itself is a threat to Western society unfortunately persists and anti-migrant populists like the Pegida movement in Germany have emerged as a political force with rants against the “hordes of young male invaders who have unleashed violence and rubbish like in the Balkans and in Pakistan.”<sup>2</sup> It does not seem to matter that Germany has witnessed only one deadly jihadist attack in its history (Frankfurt Airport in 2011). Luckily, these messages are being countered with the fact Europe has been a peaceful home to several million Muslims for decades—and responsible leaders must strive to keep it that way.<sup>3</sup>

What follows is a brief description of the nature of the internal jihadist threat to Europe and the United States and some observations regarding the response to international terrorism in general.

## Radicalization at Home

There have been many examples in Europe and the United States of solitary actors (“lone wolves”) or small, independent cells willing to commit violence

against civilian or military targets. An official analysis of the Dutch Hofstad group, implicated in the murder of film director Theo Van Gogh in 2004, is representative of many similar attacks in Europe over the past decade. Its members showed a familiar pattern of “personal crises and failed ambitions” among second generation youths of various ethnic backgrounds, who have undergone a slow process of radicalization before committing themselves to acts of violence.<sup>4</sup> The recent cases of the two brothers who committed the Boston bombings and the brothers involved in the attack on Charlie Hebdo in Paris in 2015 are variations on this theme. Each had rudimentary military training and were long exposed to radical beliefs, but neither were directed by a foreign terrorist organization.

Such low-scale attacks on civilians may indeed be the new normal of terrorism.<sup>5</sup> Each reveal a steady process of radicalization in which young men and women become alienated from their families and society. They become attracted to foreign causes and a militant creed derived from fundamentalist interpretations of Islam, a process often reinforced in the “echo chamber” of basement prayer sessions, between inmates in prisons, or in internet chat rooms. Proponents of a militant Wahhabist or Salafist view of the world play upon their adherents’ acute “sense of beleaguerment” in Europe and their anger toward Western involvement in wars in Afghanistan and Iraq or the long-standing conflicts in Chechnya, Kashmir, Palestine, and more recently Iraq and Syria.<sup>6</sup>

These cases suggest the difficulty of addressing such a diffuse threat. Individuals go through a slow process of radicalization often in isolation from their families. They can then be inspired to violence with little warning and receive moral encouragement through social media or simply consume propaganda alone over the internet. Fortunately, counterterrorism efforts to date have made it more difficult for established jihadist networks to also provide such individuals with the kinds of military training and equipment required for sophisticated, mass casualty attacks.

### Returning from Jihad

Western intelligence agencies and law enforcement are alarmed at the significant numbers of American

and European citizens leaving to get such training on the battlegrounds of the Middle East. There are reportedly 30,000 foreigners from over 100 countries involved in the conflict in Syria and Iraq, including around 4,500 from Western countries. The largest contingent is from France (1,800), followed by the United Kingdom and Germany (both over 700), but some of Europe’s smallest countries such as Belgium, Denmark, and Bosnia have a much higher proportion relative to their population. Approximately 250 Americans have also taken part in the conflict since 2012.<sup>7</sup>

Individuals travelling from Bonn, Ansbach, or Wuppertal in Germany or Boston, Los Angeles, or the Twin Cities are not a homogenous group. Only one in nine who return have engaged in jihadist activity according to a database of over 450 interviews of returning foreign fighters maintained by the International Centre for the Study of Radicalisation at King’s College London, which is directed by German-born researcher Dr. Peter Neumann.<sup>8</sup> Far less than half of those who have traveled to the region have returned and a significant portion become disillusioned by their experiences as “foreign fighters” for the Islamic State.

Many young recruits have been drawn to the thrill of combat, but ISIL’s online propaganda efforts also encourage others to advance the cause through religious education, missionary work, or simply spreading the Islamic State’s message. Though barred from combat, young women have taken part as “wives, mothers, recruiters, and sometimes online cheerleaders of violence.” A 19-year-old Colorado native was sentenced this past year after traveling to marry an ISIL militant, and three teenage “Bethnal Green girls” from Great Britain married foreigners fighting for ISIL. Religious extremism to these young Europeans and Americans of varying ethnic backgrounds is seen in part as a religious obligation but also as counter-culture—or “jihadi cool.”<sup>9</sup>

There are several differences between the Americans and Europeans who have traveled to fight for ISIL. The scale of the challenge is greater in Europe, as troubled youth are more easily radicalized due to the possibilities of face-to-face contact with individuals in more long-established jihadist milieus than exist in

the United States. Despite the paranoia concerning online radicalization in the United States, it may not be pervasive as is commonly believed for Europeans. According to a recent analysis by German authorities, out of 378 individuals who have traveled to fight in Syria, only 13 were thought to have radicalized primarily through the internet.<sup>10</sup> It is also more difficult and expensive for Americans to travel to the Middle East than for the average European, who just needs “as little as 100 Euros and an identification card.”<sup>11</sup>

European governments have responded by increasing surveillance and prohibiting travel to conflict regions, but have thus far been unable to slow down the flow of fighters to the Islamic State. Given the European reaction to U.S. global surveillance programs, it is unlikely that the European Union or individual countries like Germany would adjust their strict data privacy and protection laws and move toward greater monitoring of their citizens—not to mention the sheer cost of developing and utilizing such systems.<sup>12</sup>

There is still much for the transatlantic community to learn, however, about “draining the swamp” of potential jihadist fighters. Programs designed to counter violent extremism (CVE) and de-radicalize former jihadist recruits can play an important role, whether it is providing greater access to moderate imams in French prisons or reintegrating former jihadists into their home communities like the Berlin-based HAYAT. These initiatives offer personalized counseling and employment advice, and seek to engage individuals’ families and communities to prevent existing networks from expanding.<sup>13</sup> The efforts to enlist local actors against radicalization should not be seen as an immediate cure-all to the threat of terrorism, but may still prove to be an effective, long-term solution to reintegrating Europe’s angry youth.

### Profile of a German Jihadist – Denis Cuspert

Denis Mamadou Gerhard Cuspert (also known as “Deso Dogg,” “Abu Malik,” or “Abu Talha al-Almani”) is a Berlin-born rapper who joined the Islamic State in 2012 and has emerged as one of the terrorist organization’s leading European propagandists. After a career in which he produced three albums and toured

with the best-selling American hip-hop star DMX, Cuspert has been the source of numerous jihadist videos, speeches, and songs circulated online over the past several years. These materials have helped shape the “jihadi cool” that has helped draw close to 700 Germans and likely many others to the conflict. Cuspert was also reportedly a source of inspiration for the only successful jihadist attack in Germany—the killing of two American soldiers at the Frankfurt airport in 2011.

Cuspert was born in 1975 to a German woman and a Ghanaian man who left the family after a few years. He grew up with his mother and had difficulty with his stepfather, an American serviceman who reportedly was a strict disciplinarian. Cuspert also felt mistreated at school, later claiming that “though my mother is German, some teachers would call me ‘Negro’ and treat all Muslim kids bad.” This conflict with his identity drew him at the age of 15 to the “36 Boys” gang of the Kreuzberg district in Berlin, who were inspired by American gangs, attacked Neo-Nazi groups, and promoted themselves through rap and graffiti.<sup>14</sup>

During time in prison for possession and shooting a friend in the face with a gas pistol, Cuspert began a rap career centered on themes such as racism, prison life, and war under the name “Deso Dogg.” However, he abandoned a career as a rap artist after a car accident in 2010. He then met and trained in mixed martial arts with Pierre Vogel, a professional boxer and German convert to a “dark Nazi variant” of Islam, who had connections with the radical Salafist scene in Germany. Cuspert soon began writing “Kampf-Naschids,” militant songs mimicking the Islamic art form, and posting videos of atrocities against Muslims under the name Abu Malik. Just before he killed two American soldiers in Frankfurt in March 2011, Arid Uka had viewed these videos and posted on Facebook “I love you for Allah Abu Malik.”<sup>15</sup>

According to a devoted Muslim and martial artist in Hamburg who later defeated Cuspert in the ring, Cuspert seemed “normal at the time, but what he became is awful.” Cuspert fled German authorities for a camp in Egypt before emerging in Syria in 2012.<sup>16</sup> Though he was reportedly killed in a 2014 suicide attack, he appeared later in videos of behead-

ings. The U.S. State Department announced in 2015 that Cuspert is a “Specially Designated Global Terrorist.”<sup>17</sup>

## Reassessing the Response to Terror

U.S. and European leaders must remain vigilant against terrorism, but are also responsible for striking a balance between the range of threats in the world and the appropriate means to address them. U.S. counterterrorism policy has too often been guided by the illusion of perfect security, while European countries remain overwhelmed by the challenge to “social cohesion” and significant parts of the public still readily blame Islam when integration fails.

While the West has prevented a number of potentially catastrophic attacks since 9/11, this has come at considerable cost. Annual counterterrorism expenditures in Europe range just from around \$500 million annually in countries like Sweden, to \$2 billion in France and Germany, to over \$3.5 billion in the United Kingdom. In contrast, the United States has spent around \$1.5 trillion on just homeland security and intelligence capacities since 9/11—an amount rivaling all anti-crime spending.<sup>18</sup> If one includes ongoing military operations including those in Afghanistan and Iraq (and ignores the tremendous human toll of those conflicts), the total cost to the American taxpayer exceeds \$3 trillion.

Great progress has been made since 9/11 to counter the threat posed by international terrorist networks like Al Qaeda, yet there are a number of areas that need greater attention:

**A COMPREHENSIVE STRATEGY:** It is clearly not enough to destroy groups like Al Qaeda, take down regimes that have sponsored international terrorism, or simply rely upon airstrikes against the Islamic State in Syria and Iraq. The threat of violent extremism in general requires greater use of the resources of civil society, the private sector, and the international community. Only in the last several years of the Obama administration have efforts begun to reprioritize the counterterrorism agenda. It pushed Resolution 2179 through the UN Security Council Resolution 2178 in 2014 and has sought greater investment in a global partnership fund and pilot programs to counter violent

extremism such as the Strong Cities Network. It is too soon to judge the effectiveness of some of these long-term programs, but the U.S. and Europe can still learn much from their respective efforts.<sup>19</sup>

**REBALANCE RESOURCES:** The United States and its allies now have considerable experience mobilizing their hard power resources to disrupt terrorists’ operations, stem the flow of money, and capture or kill their leadership using special operations forces or armed reconnaissance drones. Trillions of dollars have already been spent on the various conflicts intended to destroy terrorist groups that can threaten the U.S. homeland. Nonetheless, the threat of terrorism continues to persist in regions where the law cannot be applied and where military action alone has been ineffective. The tremendous sums spent on counterterrorism should be balanced with the need to make our society more resilient from all forms of violent extremism and invest in other urgent national priorities.

**BUILD PARTNER CAPACITY:** As terrorism is not just a Western problem, it is critical to enhance and integrate the counterterror capacities and judicial systems of countries around the world. Most governments are eager to receive U.S. assistance, however, not all are willing to take the initiative. There are a multitude of international fora (the UN counterterrorism, Resolution 1540, and sanctions committees), international law enforcement and intelligence partners (INTERPOL), and other regional institutions (Financial Action Task Forces, G8, African Union, ASEAN), but still no global consensus on the terrorist threat or the means to prevent it.<sup>20</sup> While Edward Snowden’s revelations of the National Security Agency’s global surveillance programs revealed the necessity of counterterrorism partnerships with countries like Germany, it may also have undermined our partners’ willingness to invest in the kinds of surveillance and data-mining technologies where the United States is most dominant.

**PROMOTE RESILIENCE, NOT FEAR:** Fourteen years after 9/11, the political discourse on terrorism is still remarkably unsophisticated. Fear of migrants and Islam as products of an alien culture has fed the terrorist narrative and many American and European politicians simply do not understand the nature of the

jihadist threat and what fuels the narratives that inspire them. Many would-be jihadists today are not sneaking through gaps in the border, but are young men and women who have fallen through the cracks of Western society—a failure relevant to both the long-term integration and security challenge.<sup>21</sup> While neither Europe nor the United States can simply eliminate the domestic or foreign threat of terrorism, they can choose how to react to the fear of terrorist violence and address the need to make our societies more resilient against all forms of extremism.

The counterterrorism challenge will remain a top priority for the next generation of U.S. and European leaders in national government, multilateral forums, think tanks, and civil society. These leaders must have a deep understanding of the root causes of radicalization at home in addition to knowledge of established terrorist networks. Given the evolving threat, they must maintain a high level of coordination and continue to mobilize the resources of the international community. An informed, responsible transatlantic leadership will be critical to any reassessment of the resources to address the jihadist threat.

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<sup>3</sup> Parke Nicholson, "Muslims in Germany: A Post-Crisis Update," *AICGS Transatlantic Perspectives* (30 June 2014).

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<sup>8</sup> Mary Anne Weaver, "Her Majesty's Jihadists," *The New York Times Magazine*, 14 April 2015.

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<sup>13</sup> Charles Lister, "Returning Foreign Fighters: Criminalization or Reintegration?" *Policy Briefing*, Brookings Institution, August 2015.

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<sup>19</sup> <http://www.un.org/press/en/2014/sc11580.doc.htm>. For a discussion of the policy challenge, see Humera Khan, "Why Countering Extremism Fails," *Foreign Affairs* (18 February 2015).

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# THE IMMIGRATION DEBATE IN THE U.S.: FEDERAL POLITICAL PARALYSIS AND LOCAL PRACTICAL ACTION

JESSICA RIESTER HART

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Immigration has long been a contentious topic in the United States, with each new immigrant group confronting prejudices and biases at all levels of society—from the neighborhood to the federal government. The economic, political, and social ramifications of not only accepting, but also integrating, large numbers of immigrants have confronted policymakers throughout American history, and today is no exception. With an immigrant population of roughly 42 million people and growing, it is past time to formulate a coherent strategy that recognizes the role these groups play in our economy and in our society.

The challenges associated with immigration show no signs of abating, as the world witnesses one of the largest human migrations since World War II. Its impact on Europe has been great, causing closed train stations and interrupted train service, prompting the building of housing for refugees, and fomenting a nationalistic, xenophobic backlash. Germany is at the helm of the European response, but it will also expect American partners to shoulder some of the burden. In the coming years, the U.S. will be impacted by refugees from the Middle East and Africa, as well as from conflict areas in Central America. The humanitarian imperative of assisting these refugees should be a compelling case for policymakers to act.

And yet, so much of the debate in the U.S. centers not around how to address those seeking asylum in 2015, but on those already in the country and whether they should remain. President Barack Obama intended to make comprehensive immigration reform a cornerstone of his presidency, but has been thwarted by a reluctant Congress. As a result, he has signed executive actions that offer a path to staying in the country. Yet even these have been called into question by individual states, resulting in

a legal dispute likely to be decided by the courts. As the 2016 presidential campaign comes into focus, immigration and integration policies will have increasing relevance not only for the candidates, but also for the voters who must choose a path forward.

## The State of Immigration in 2015

In July 2014, the U.S. immigrant population—both legal and illegal—hit a record 42.4 million. Overall immigration is accelerating: it grew by 520,000 in 2012-2013 and 1.04 million in 2013-2014.<sup>1</sup> Of that immigrant population, an estimated 11 million are undocumented<sup>2</sup>; it is this population that is most often the target of regulations, enforcement, and political rhetoric. Under the Obama administration, the number of deportations has grown,<sup>3</sup> emphasizing the need for comprehensive reform.

The crisis in immigration has a particularly strong connection to the younger generation. Unaccompanied minors and families (usually mothers with children) are increasingly trying to cross the U.S.-Mexico border, and the number has grown rapidly since 2011, such that an estimated 220,000 children could arrive in fiscal year 2015.<sup>4</sup> Various reasons are cited as the cause of the influx of children from Central America, predominantly El Salvador, Guatemala, and Honduras, including violence and lack of economic opportunity in their home countries as well as the perception of U.S. policies toward immigrants as being particularly child-friendly or more lax since some of the Obama administration's policies have gone in to effect.<sup>5</sup> Regardless of the factors driving their migration, the children making the arduous journey are younger and younger. In the early years of the twenty-first century, unaccompanied minors were predominantly over the age of 12;

now, elementary school-age children are commonplace.<sup>6</sup> The flow of unaccompanied minors reached crisis level in summer 2014, and Congress and the administration were forced to make emergency appropriations to house, feed, process, and transport them.<sup>7</sup>

Beyond young people trying to enter the U.S., the Obama administration's efforts at immigration reform targets young people and their families already in the country. Two executive actions, discussed in more detail below, defer deportation and offer work permits to undocumented immigrants who arrived in the U.S. as children, and to parents of U.S. citizens. That President Obama chose to enact these policies through executive action, and that the administration sought to expand coverage, has resulted in state-level objections and lawsuits.

The United States has been a country of immigration throughout its history, but the model and policies in place are no longer suited to twenty-first century realities, and the public is becoming increasingly cognizant of that fact. A 2013 survey by the Public Religion Research Institute (PRRI) and the Brookings Institution offers insights into what Americans want to see from immigration reform. Importantly, 63 percent of Americans support a path to citizenship for undocumented immigrants, and they favor giving immigrants brought illegally into the country as children the ability to become legal residents.<sup>8</sup> Furthermore, there is broad support across racial, ethnic, and political lines, according to a 2013 Gallup poll, which found that 72 percent of non-Hispanic whites, 68 percent of blacks, and 73 percent of Hispanics support establishing new laws dealing with entry to the U.S. and how we treat undocumented immigrants already in the country.<sup>9</sup> Nationally, 83 percent of conservatives favor a path to citizenship for undocumented immigrants, compared with 92 percent of moderates, and 91 percent of liberals.<sup>10</sup> In an age of fractured politics, this is a remarkable mandate for immigration reform.

### Taking Executive Action

Despite the widespread support for immigration reform, the U.S. Congress has been unable to enact any legislation. A Senate bill with wide bipartisan

support,<sup>11</sup> S. 744 or the "Border Security, Economic Opportunity, and Immigration Modernization Act," attempted to overhaul the system in 2013, but was not taken up in the House of Representatives.<sup>12</sup> Congress has tried repeatedly since 2001—without success—to enact the Development, Relief, and Education for Alien Minors (DREAM) Act. The DREAM Act would have granted permanent residency to young people who arrived in the U.S. before age 16, graduated from U.S. high schools, and studied at American universities or served in the U.S. military, and it received popular support.<sup>13</sup> After Congress' failure to act, in 2012 President Obama utilized executive action to create the Deferred Action for Childhood Arrivals (DACA) program, which permitted undocumented immigrants who came to the U.S. before age 16, who were under 30 at the time the program was announced, who had no criminal history, and who had been in the U.S. for five years continuously, to gain renewable two-year deportation deferrals as well as work permits.<sup>14</sup> DACA stops short of some of the goals of the DREAM Act, notably granting permanent residency, but is a step in the right direction.

In 2014, the Obama administration implemented the Immigration Accountability Executive Action that expanded the DACA program and created the Deferred Action for Parental Accountability (DAPA) program. DAPA is an important tool for immigrant families in the U.S., as it offers a reprieve to parents of U.S. citizens and green card holders.<sup>15</sup> DACA and DAPA alone have the potential to impact nearly 4 million people.<sup>16</sup>

Recognizing the political atmosphere, in announcing the changes, President Obama made the distinction between these programs and a broader path to citizenship, and between those who have been in the country and those still seeking to enter. He noted, "Nothing about this action will benefit anyone who has come to this country recently, or who might try and come to America illegally in the future. It does not grant citizenship, or the right to stay here permanently, or offer the same benefits that citizens receive."<sup>17</sup>

## A Federal System: Reactions and Initiatives at the State and Local Level

In reaction to the executive actions, Texas and twenty-five other states sued the Obama administration, citing executive overreach and undue hardship on the states.<sup>18</sup> Changes to both DACA and DAPA are on hold until the suit is resolved, which will be decided by federal courts.

The country's federal system allows for a scattered landscape of immigration laws and initiatives. Eleven states allow undocumented immigrants to obtain drivers' licenses and nineteen states offer them in-state tuition benefits. Conversely, six states allow law enforcement to question a person's immigration status.<sup>19</sup> These discrepancies vary within and across regions, and among states with the largest unauthorized immigrant populations.<sup>20</sup> Indeed, of the twenty-six states opposed to Obama's executive actions, only two rank in the top six states for undocumented immigrants.

There are even differences between neighboring states. California and Arizona, for example, have drastically different approaches to how they treat their undocumented populations. California, which, as one strategist put it, "doesn't have the luxury of being ideological. [...] The undocumented are not going anywhere,"<sup>21</sup> allows immigrants to pay in-state tuition, have state drivers' licenses, limits deportations, and grants state-funded healthcare to children,<sup>22</sup> all in a pragmatic recognition of the realities facing the state's labor force, taxpayers, and electorate. Arizona, in contrast, does not offer these benefits and, in 2010, enacted SB 1070, which instituted state penalties for a number of immigration-related offenses, including trespassing.<sup>23</sup> Controversially, the Arizona law required individuals to carry immigration papers on them, proving their right to be in the U.S. It was this provision that was ultimately upheld by the U.S. Supreme Court, despite the Obama administration's concerns of racial profiling.

If states, as a result of the failure to enact federal immigration reform, are increasingly developing their own plans, then it comes as no surprise that cities are taking the initiative to integrate immigrant popu-

lations into their communities. With over 40 million immigrants in the U.S.,<sup>24</sup> cities are on the frontlines of integration. Indeed, the first step "may mean taking basic steps to include immigrants in public education, health, and safety service; these often evolve to encompass broader efforts seeking successful linguistic, economic, and civic integration of new residents."<sup>25</sup> This is often best achieved with four common elements: utilizing existing services and infrastructure, rather than creating a separate infrastructure for immigrant communities; engaging with leaders from the immigrant community; ensuring adaptability; and maximizing the efforts of the mayor's office to reach city-wide.<sup>26</sup>

While President Obama's efforts to fix the immigration system in the U.S. face numerous challenges at the federal level and from certain states, these challenges are not endemic to the country as a whole, nor are they reflective of the American public's attitudes toward immigration or immigrants. That cities are successfully integrating their foreign-born communities into their social fabric is an indication of what is possible with pragmatism and political will.

## Immigration in the 2016 Presidential Campaign

Of course, pragmatism and political will can be difficult to muster in an election year, and the lead-up to the 2016 election has been no exception. Beyond the House's refusal to vote on Senate Bill 744, illegal immigration has featured in presidential debates and on the campaign trail. GOP candidate Donald Trump has been perhaps the most outspoken critic of the U.S.' immigration system, making brazen and at times offensive remarks about immigrants from a number of countries. He has called for a mass deportation of the 11 million undocumented immigrants in the country, rejected the notion of a path to citizenship, and opposed the Fourteenth Amendment guaranteeing citizenship to anyone born on American soil.<sup>27</sup> Not all candidates are so outspoken or controversial, however. Jeb Bush, the former governor of a state with one of the highest percentages of immigrants in its population, has made comments focusing on securing the border and better enforcing existing laws by requiring employment eligibility checks and targeting visa fraud; Marco Rubio, the son of Cuban

immigrants, was one of the sponsors of the Senate bill and has expressed support for both securing the border and overhauling the immigration system; and John Kasich describes his position as emphasizing border security, legalizing the 11 million immigrants already in the country without granting citizenship, and developing a guest worker program.<sup>28</sup> On the Democratic side, both Hilary Clinton and Bernie Sanders support a path to citizenship, immigration reform, and implementing President Obama's executive actions.<sup>29</sup>

Beyond a general recognition of the importance of immigration reform, candidates have an electoral interest as well. The number of Latino voters is growing, making up 10 percent of the electorate in 2012.<sup>30</sup> They voted overwhelmingly for President Obama in 2012: 71 percent to Mitt Romney's 27 percent. The importance of the Latino vote, as is often heard in political commentary, should not be underestimated: while conventional wisdom suggests that a candidate must win 40 percent of the Hispanic vote, the new reality is closer to 47 percent, a number not yet approached by Republican candidates in polls.<sup>31</sup> And while 60 percent of Latino voters cited the economy as the most important issue facing the country, a full 77 percent said that unauthorized immigrants should be given a way to apply for legal status.<sup>32</sup>

## Conclusion

Immigration is a reality. People will always seek a better life when the alternative is poverty, hardship, and even death. We see this reality now with the migration crisis in Europe: the promise of the unknown is infinitely better than the certain and enduring challenges in countries of origin. So, too, for immigrants from Central America. Parents want a better life for their children, even if getting to that better life is accompanied by danger and heartache. We cannot ignore these populations or refuse to find place for them in our societies.

But as much as these migrants may need us, we need them, too. Immigration is good for the economy, and for native-born workers. It fills labor gaps but doesn't necessitate job competition with native-born workers due to language, cultural, and social barriers; it

complements existing capital and technologies; it allows labor markets to adapt; and it drives wage growth.<sup>33</sup> The Obama administration agrees, and lists additional benefits, like immigrants starting businesses, reducing the deficit by implementing the DREAM Act due to increased revenues, and boosting demand for consumer goods.<sup>34</sup>

No longer can we look at immigration through a single lens. No longer can we tie ourselves up in rhetoric and political maneuvering. The United States became a great power because of the immigrants—and all they offered—that have crossed its borders throughout its history. We cannot—nor should we want to—stem people's desire to safely arrive in this country and to build a life here. What is needed now is a new strategy to determine how best to move forward into the twenty-first century.

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# CYBER-SECURITY AND INTERNATIONAL DIPLOMACY

TIM MAURER

In his year-end press conference on 19 December 2014, U.S. President Barack Obama publicly accused North Korea to be responsible for hacking Sony Pictures Entertainment. The company's computer systems had been compromised and confidential data ranging from employees' personal information to unreleased films appeared in the public domain. Moreover, the hackers issued a threat to cause physical harm if the studio would not cancel the release of "The Interview," a comedy about the North Korean leader. The hack and the U.S. government's subsequent response elevated cyber-security to an unprecedented level of attention.

Overall, the past twelve months marked a new low and revealed an increasingly deteriorating cyber-security environment. The hack of the U.S. Office of Personnel Management (OPM) included over 20 million records associated with government employees who hold a security clearance—an unprecedented breach of sensitive government personnel data. The conflict between Russia and Ukraine included both information and cyber-warfare ranging from targeted hacking of Ukrainian parliamentarians' cell phones to Distributed Denial of Service (DDoS) attacks and tampering with fiber optic cables. In the meantime, huge data breaches occurred on a regular basis in the U.S., hitting companies such as JP Morgan Chase, Target, and Home Depot. Perhaps among the most worrisome news were new reports about cyber-attacks causing physical damage. In Germany, a cyber-attack against an industrial iron plant caused "massive" damage according to a report published by Germany's Federal Office for Information Security in late 2014.<sup>1</sup>

The degenerating cyber-security situation is quickly moving to the center of attention among senior executives

in the public and private sector who are calling for more action. For example, cyber-security was one of the hot topics among corporate leaders at the annual World Economic Forum that took place in Davos in January 2015 only a few weeks after the Sony hack. The good news is that the international community has been working on rules of the road—"norms" are the buzzword among the international cyber-security policy community. The bad news is that cyber-security threats increasingly seem to outpace international diplomacy.

## Why Cyber Diplomacy is Complicated

To begin, the international community first discussed if and how existing international law applies to cyberspace. This might seem surprising but this question became a hotly contested issue. The Chinese government was foremost among those who opposed the notion that international humanitarian law applies to cyberspace. It was not until 2013 that China agreed to the consensus report developed by a UN Group of Governmental Experts (UNGGE). In its report, the UNGGE states "the Group's conclusion that international law and in particular the United Nations Charter, is applicable."<sup>2</sup> This is a milestone after years of complicated negotiations. The Tallinn Manual on the International Law Applicable to Cyber Warfare published in 2013 is the most comprehensive work to-date exploring how to translate international humanitarian law into cyberspace. It was developed by an independent group of fifteen legal experts under the auspices of NATO's Cooperative Cyber Defence Center for Excellence. (This NATO Center was created after the 2007 DDoS attacks against Estonia and is based in Tallinn, hence the name of the Manual).

However, in spite of this important achievement, it is important to bear in mind that international humanitarian law only describes what ought to be the rules for armed conflict or, to put it in non-legalese terms, for war. International humanitarian law therefore has little to say about the type of cyber activity—data breaches, data manipulation of limited effect, DDoS attacks—that has been the most prevalent, the ones we see every day without being in a situation of an armed conflict.

The Pentagon's principal cyber advisor, Assistant Secretary of Defense Eric Rosenbach, described why cyberspace is so challenging in the following way for an audience at the Center for Security and International Studies in Washington, DC, in October 2014: "You have diplomacy, economic sanctions...and then you have military action. In between there's this space, right? In cyber, there are a lot of things that you can do in that space between that can help us accomplish the national interest."<sup>3</sup> The third bucket of diplomatic cyber-security efforts essentially focuses on what norms should apply to this new form of human activity. This includes a debate how to classify specific types of hacks on the spectrum of violent behavior. Senator John McCain, for example, called the Sony hack an "act of war" while President Obama called it "cyber-vandalism" in CNN's "State of the Union" show on 21 December 2014. What is clear is that the Sony hack caused nobody to die but led to significant economic damage—and more people might have watched the movie now than they otherwise would have, directly backfiring on North Korea's stated political goal.

It is unclear how international law governs this new activity. What norms should govern "this space" below the threshold of armed attack is therefore the big question. The 2013 GGE report paved the way for the international community to broaden the debate and to focus on this in the years to come. (The Tallinn Manual 2.0 focuses on this issue and is expected to come out in 2016.)

### Mapping Cyber Diplomacy

Unsurprisingly, the United Nations has been one of the main institutions where countries have attempted to either contest or affirm existing norms. Here, diplo-

mat have been discussing cyber-security since the late 1990s when the Russian government introduced a draft resolution on the topic in the UN General Assembly's First Committee on Disarmament and International Security. The topic lay fairly dormant on the agenda, however, until events such as the DDoS attack against Estonia in 2007 pushed it up the priority list. Part of this new flurry of diplomatic activity was the creation of the UNGGE mentioned above. The advantage of forming such a group is simple: narrowing the number of participants makes it easier to find consensus language as a stepping stone toward broader norms.

There have been four such groups producing three reports so far (the first group did not succeed at developing a consensus report). The 2013 report produced by the third UNGGE is the most significant because of its affirmation of existing law, sovereignty, human rights, and governance. A fourth group was established in 2014 and enlarged from the original fifteen to twenty countries given the increase in interest from UN member states as cyber-security has been making headlines worldwide. In spite of the significant geopolitical tensions that erupted in 2014, this fourth group was able to agree on a new consensus report with at least the same if not greater level of detailed provisions than the 2013 report providing a roadmap to implement in the future and move from political statements to practical cooperation.

At the regional level, the Organization for Security and Co-operation in Europe (OSCE) has been at the forefront of cyber-security diplomacy. In December 2013, the OSCE announced the first ever multilateral agreement on cyber confidence-building measures. The agreement was several years in the making and its adoption stood on shaky grounds after it collapsed already a year earlier at the OSCE Ministerial Council in Dublin due to Russian opposition. Granted, the provisions in the agreement are all based on voluntary commitment, but the peer pressure effect in these fora can be considerable. More importantly, the political importance should not be underestimated, especially after there had been very little progress and cooperation in this area for years. The successful agreement at the OSCE has become a template for regional organizations in other parts of the world that

are becoming more involved. For example, the activities at the OSCE have created spill-over effects into the increasingly active discussions at the ASEAN Regional Forum and the Organization of American States.

The process at the OSCE is interesting for another reason. It represents the attempt to replicate the idea of confidence-building measures from the Cold War to the digital age in order to reduce misunderstanding and miscalculation among belligerent parties. One of the main challenges has been the lack of information about the cyberspace elements of countries' military doctrines and capabilities. The confidence-building measures (CBMs) agreed to in December 2013 therefore focus on creating more transparency by sharing military doctrines, white papers, and government policy among each other. Building on this first agreement, OSCE member states are currently debating a second, more ambitious set of measures to move beyond information-sharing. According to U.S. Ambassador to the OSCE Dan Baer in a press release from November 2014, "We also have important work to do in the months ahead as we consider additional CBMs that can be a foundation for a cooperative approach."<sup>4</sup>

At the bilateral level, significant progress was made, too. The OSCE agreement was in part possible because earlier in the spring of 2013 the U.S. and Russia had come to a bilateral arrangement to cooperate on cyber-security. It included a link between the two countries' Computer Emergency Response Teams, using the existing Nuclear Risk Reduction Center for cyber-security related notifications, and a direct communications line between the White House and the Kremlin emulating the "red phone" concept from the Cold War. In other words, it featured several of the elements also included in the OSCE agreement. Last but not least, another significant step forward at the bilateral level had taken place in June 2013 with the decision by the Chinese and U.S. government to create a working group on cyber-security. (China suspended its participation after the U.S. government indicted five of the former's military officers in 2014). In other words, if 2014 was among the worst years for cyber-security, 2013 was in many ways a banner year for international cyber-security diplomacy at the global, regional, and bilateral levels.

## The Bigger Picture

The biggest hurdle to more significant diplomatic achievements is that cyber-security is more complicated than it might appear at first sight. Some states, namely China, perceive cyber-security to be not just about security but regime stability. The struggle over what term to use illustrates this complexity nicely. For example, most of the UN documents tend to avoid referring to the terms "cyber-security" and "information security." Instead, they have very long-winded titles usually referring to the use of information and communications technology. That's because the terms have become highly politicized. The Chinese and Russian governments have defined and used "information security" in a way that has been disconcerting to other governments. The former's definition suggests that information undermining a state's "social stability" could be considered a security threat.<sup>5</sup> This framing has been criticized by those defending human rights, namely freedom of information and freedom of speech. It is for this reason that the U.S., European states, and many others have been quite careful to use the term "cyber-security" instead of "information security."

This concern is one of the main reasons why the proposal by the Russian and Chinese governments to create an international treaty on cyber-security has met stiff resistance. This includes their proposed International Code of Conduct, which is an initiative driven by the Russian and Chinese governments that came to fruition through the Shanghai Cooperation Organization. The Shanghai Cooperation Organization is a regional organization which also includes Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan among its members. Around the same time that the Code was published in the autumn of 2011, the Russian government also circulated a draft convention on international information security. In other words, 2011 was the year of a renewed push by the Russian and Chinese governments for an international cyber-security treaty. Since the release of the International Code of Conduct, it has been further supported by the heads of states of the participating countries. Moreover, an active outreach campaign tries to encourage other countries that have not taken a firm position and are therefore considered swing states in this global debate—for example India—to

embrace the proposal.

The proposals to develop a treaty and code of conduct have been heavily criticized out of concern that they could be used to justify censorship and the control of information, rather than focusing on network security. The alternative focus on norms is also a response to this specific proposal. It therefore comes as no surprise that only a few weeks later, the United Kingdom hosted a new major conference on 1-2 November 2011. The London Conference on Cyberspace was organized in a very short period of time, yet drew high-level speakers including the UK foreign secretary William Hague and remarks from the U.S. vice president Joe Biden. In his opening remarks, Hague outlined a vision for an open and free Internet and that two follow-up conferences would be held in Hungary in 2012 and in South Korea in 2013. This conference series has since become informally known as the London process with a fourth conference that took place in The Hague in April 2015.

Another hurdle for international cyber-security diplomacy has been that, in addition to the cyber-security versus information security debate, the term cyber-security is being used to describe a variety of different things across countries. In Germany, for example, cyber-security is often used in the context of and synonymous with the surveillance and privacy discussions. While the confidentiality of data is an important aspect of cybersecurity, the integrity and availability of data and underlying infrastructure are other important dimensions. In contrast, in the U.S. there has been a stronger focus on critical infrastructures, while the recent data breaches have certainly also drawn more attention to the data confidentiality aspect. In short, there are clearly different level of emphasis and attention across countries spent on these various dimensions of cyber-security, further complicating diplomatic efforts.

## Outlook

It is because of these fundamental differences and disagreements that there has not been more substantial progress over the past years. The struggle over definitions is only a symptom of the broader struggle underlying this debate. To use an analogy, back in

1975, the Helsinki Final Act was divided into four buckets including the first focused on political and military issues and the third focused on human rights. When it comes to cyber-security diplomacy, it often resembles one big hodgepodge, making it difficult to achieve progress on any set of issues. In the meantime, more and more users and devices connect to the Internet, increasing its value and benefits as well as its vulnerabilities and incentives for malicious exploitation.

The various agreements of 2013 demonstrate that international cooperation is possible when it comes to cyber-security. The bilateral agreements between the U.S. with Russia and China, the success at the OSCE at the regional level, and the consensus language agreed to under the auspices of the UN in 2013 are all examples of this trend. However, in 2014, the geopolitical landscape became significantly more contentious and it is unclear if similar progress can be achieved in the future. The new GGE report that was agreed to in 2015 is a promising sign but the question is whether the international community will be able to move from political statements to actual practical cooperation.

<sup>1</sup> Bundesamt für Sicherheit in der Informationstechnik, *Die Lage der IT-Sicherheit in Deutschland 2014*, accessed 1 September 2015, [https://www.bsi.bund.de/DE/Publikationen/Lageberichte/lageberichte\\_no\\_de.html](https://www.bsi.bund.de/DE/Publikationen/Lageberichte/lageberichte_no_de.html)

<sup>2</sup> United Nations Group of Governmental Experts on Developments in the Field of Information and Telecommunications in the Context of International Security, *Report of the Group of Governmental Experts on Developments in the Field of Information and Telecommunications in the Context of International Security*, United Nations General Assembly A/68/98 (2013).

<sup>3</sup> Center for Strategic and International Studies, "Cyber Leaders: A Discussion with the Honorable Eric Rosenbach - Oct 2, 2014," accessed 1 September 2015, <http://csis.org/event/cyber-leaders>

<sup>4</sup> United States Mission to the Organization for Security and Cooperation in Europe, "U.S. Welcomes Cyber Security Showcase Highlighting Confidence Building Measures" Press Release, 7 November 2014, accessed 1 September 2015, [http://osce.usmission.gov/nov\\_7\\_14\\_pr.html](http://osce.usmission.gov/nov_7_14_pr.html)

<sup>5</sup> "Annex to the letter dated 9 January 2015 from the Permanent Representatives of China, Kazakhstan, Kyrgyzstan, the Russian Federation, Tajikistan and Uzbekistan to the United Nations addressed to the Secretary General - International code of conduct for information security," United Nations General Assembly A/69/723.





# ENERGY EFFICIENCY: THE NEW FRONTIER FOR TRANSATLANTIC COOPERATION

KIRSTEN VERCLAS

## Introduction

Many organizations and policymakers in the United States and Germany have stressed the importance of increasing energy efficiency to mitigate climate change and to ensure energy independence and security. Increasing energy efficiency touches on a wide variety of issues, ranging from how much electricity buildings use to technology standards for any equipment that uses electricity. Germany has made arguably the most strides in energy efficiency measures, consistently ranked first in international comparison studies. The United States, while making progress, is currently ranked thirteenth.<sup>1</sup> The U.S. Congress is debating several energy efficiency bills that are designed to strengthen energy efficiency measures on a number of fronts. Despite great advances and policies aimed at the reduction of energy usages, energy efficiency measures can be improved on both sides of the Atlantic through transatlantic cooperation and by exchanging lessons learned. This essay will outline briefly the current state of energy efficiency measures in Germany and the U.S. as well as areas of transatlantic cooperation to advance energy efficiency measures.

## Importance of Energy Efficiency Measures in the Context of Climate Change

Residential and commercial buildings are one of the primary users of energy and emitters of carbon dioxide. In the United States, it is estimated that this sector accounts for approximately 39 percent of carbon dioxide emissions annually—larger, even, than the transportation sector, at 33 percent.<sup>2</sup> With the U.S. building sector consuming over 70 percent of electricity, heating, cooling, and electricity production and consumption are the primary drivers of these

emissions. As a result, “[t]he building sector drives the growth for new power plants—87% of the growth in electricity sales between 1985 and 2006 is attributable to building sector demand.”<sup>3</sup> The German building stock is typical of Europe, with buildings accounting for 40 percent of energy consumption and one-third of CO<sub>2</sub> emissions in Germany.<sup>4</sup> As these figures show, the building stock in Germany and the U.S. is a critical component of reducing energy consumption, thereby decreasing CO<sub>2</sub> emissions and addressing climate change and its consequences. Addressing this sector’s energy consumption is possible: analysts estimate that energy efficiency measures are highly cost-effective and constitute a so-called low-hanging fruit. In the well-known global greenhouse gases cost abatement curve developed by the McKinsey group, energy efficiency measures are generally considered to have a high abatement potential while incurring relatively low costs. New building shells, for example, are estimated to cost just over \$2 per MMBTU (million British Thermal Units), while providing close to 4,000 trillion BTUs in potential energy savings. Sealing windows would cost slightly less than \$6 per MMBTU and provide almost 8,000 trillion BTUs in potential energy savings.<sup>5</sup> Hence, “energy efficiency is the first fuel because it is competitive, cost effective to produce and widely available.”<sup>6</sup>

## Current Energy Efficiency Measures in the United States and Germany

Broadly, policies addressing energy efficiency fall into three categories: 1) building codes, 2) standards and labels for equipment, and 3) utility programs to decrease electricity usage. Within these policies, residential and commercial applications often are differentiated; for example, different building codes

apply to residential and commercial buildings. While these three broad issues are overlapping, the subsequent sections will focus on energy efficiency standards and labeling for buildings and appliances, as this is the area where Germany, the EU, and the U.S. will have the greatest overlap for coordination.

The United States does not have a uniform national building energy code that governs the energy efficiency standards for buildings; however, the federal government has developed national model codes based on the International Energy Conservation Code (IECC) and the American Society of Heating, Refrigerating, and Air-Conditioning Engineers' (ASHRAE) Standard 90.1. Each code is updated every three years through separate committee processes.<sup>7</sup> States can add amendments to the model building code, and some U.S. states and municipalities have developed their own building codes, which are more stringent than the model code. However, "[u]nder federal law, efficiency standards promulgated by DOE [the U.S. Department of Energy] preempt code requirements. In other words, building energy codes cannot establish more stringent efficiency requirements than the federal standards for those products covered by DOE standards."<sup>8</sup> Recognizing that the variation in building codes provides a challenge in advancing energy efficiency of buildings, Senators Jeanne Shaheen (D-NH) and Rob Portman (R-OH) have introduced a bill in the U.S. Senate that would strengthen national model building codes (including setting energy-saving targets) and require states to update their building codes to adhere to the national model every two years.<sup>9</sup> Not only would this bill provide a more unified national building code, it would also provide a required avenue of updating the building codes in shorter intervals so that technological advancements in energy efficiency are taken into account.

In the EU, energy efficiency is governed by the EU Energy Efficiency Directive (2012/27), which requires, among other things, "member states to cut energy consumption 1.5 per cent a year on average from 2014 to 2020."<sup>10</sup> The EU directive also requires countries to submit a National Energy Efficiency Action Plan (NEEAP). Building energy efficiency is also governed by the Directive 2010/31/EU, which "establishes 'nearly zero-energy building' as

policy goal for all new buildings by 2020."<sup>11</sup> Germany continues to incorporate the European mandates through updates to the *Energieeinsparverordnung* (EnEV, Energy Saving Ordinance), which "sets mandatory energy standards (increased over time) for new buildings and refurbishments. It requires that energy certificates are provided for all new and refurbished stock."<sup>12</sup> The latest update to the EnEV was passed in May 2014 and its implementation falls to the German states.

In terms of appliances, the EU also regulates labeling requirements through 2010/31/EU. Germany implemented the EU Framework Directive on energy efficiency labeling of products in 2012 as the recast Law on Energy Consumption Labeling (EnVKG) and the amended Regulation on Energy Consumption Labeling (EnVKV).<sup>13</sup> The label is a European label—language neutral—that classifies appliances and products that impact energy usage (e.g., windows) into seven categories from less efficient to more efficient. It also provides consumers with information about product specifics, including annual energy consumption or, for example, the water consumption and water-extraction efficiency of washing machines.<sup>14</sup>

In the United States, mandatory energy efficiency standards went into effect through the National Appliance Energy Conservation Act (NAECA) in 1987.<sup>15</sup> These standards are continually updated by the U.S. Department of Energy, most recently in 2011 when the DOE released a new standard for refrigerators. Federal law also requires that manufacturers provide information on the energy usage of an appliance through an energy guide label, which, in conjunction with test procedures, outlines appliance standards and the government's ENERGY STAR program.<sup>16</sup> The ENERGY STAR label is a voluntary program by the U.S. Environmental Protection Agency (EPA), which recognizes the products and buildings that are the most energy efficient.

### Transatlantic Cooperation on Energy Efficiency

Transatlantic economic cooperation has been a pillar of coordination between Germany, the EU, and the U.S., such that policymakers are seeking to codify it

in the Transatlantic Trade and Investment Partnership (TTIP) currently under negotiation. Additionally, many non-governmental organizations and government programs exist to provide information on energy policies and energy efficiency measures that have been developed on either side of the Atlantic to share best practices and lessons learned. However, in order to take energy efficiency measures and technologies to the next level, increased cooperation is necessary—cooperation that goes beyond exchanging best practices and providing concrete benefits. TTIP negotiations could provide the venue to integrate energy efficiency firmly into the transatlantic context. However, “the role of renewable energy and energy efficiency [is currently] sorely lacking in a TTIP energy chapter.”<sup>17</sup> Even before TTIP negotiations began, the Transatlantic Economic Council in 2010 agreed to begin collaborating on energy efficiency measures, yet more could still be done. Either through TTIP or through another avenue, Germany, the EU, and the United States should move forward with harmonizing energy efficiency standards and technologies to provide a larger market for companies and remove barriers for market entry in either market. It is, of course, important that existing standards are strengthened rather than weakened, but several fields where transatlantic cooperation could be fruitful come to mind.

### Common Energy Efficiency Standards

Both the United States and the EU/Germany have implemented a variety of mandatory and voluntary energy efficiency standards, as explained above. Having a uniform standard would allow companies to enter either market without having to address a variety of standards, decreasing costs for existing appliances as well as decreasing costs for the development and implementation of new technologies. These standards should be at least the highest standard currently in place either in the EU or the U.S. As part of the regular process of updating standards, the EU and the U.S. should continue to improve upon the initially agreed standards. As a position paper from the Transatlantic Business Council (TBC) pointed out, different measurement standards currently employed in the United States and in the EU require double testing if both markets are targeted by a new product. Harmonizing standards would eliminate the

need for double testing for household appliances or building materials, for example. Additionally, the TBC advocated for “setting a uniform accreditation of laboratories that are used for compliance control of authorities and labs used for third party certification. U.S. and EU laboratories should be accredited in a harmonized way, which would significantly ease the market access process.”<sup>18</sup>

### Uniform Label for Appliances

One of the key impediments to improving energy efficiency, as noted on both sides, is the lack of information for the end-user. While labels are in place in the U.S. and in the EU, they are mostly voluntary and not always clear. Europe and Germany, as well as the United States, could use any of the common energy efficiency standards discussed above to also introduce common energy efficiency labels. To improve the current European energy efficiency label, the German government is advocating the creation of an online EU-wide database, in which manufacturers of electrical, heating, and air-conditioning equipment would enter required information, such as information included on EU energy labels or product data sheets. However, the database would be accessible to the public, thus providing consumers with an overview and comparison of all commercially-available devices with an EU energy label. It would also provide consumers with a better way to evaluate products and spur competition among manufacturers.<sup>19</sup> Such a database could also be made available in the EU and the U.S. through a transatlantic agreement. A common label would prevent producers from bearing increased costs associated with entering both markets. Already, the U.S. and EU have made a coordinated effort—including the database—to label office equipment.<sup>20</sup> This effort should be broadened to all appliances and even building materials.

### Advocating for Energy-Efficient Buildings and Lessons Learned

As mentioned above, the United States does not have a federal building code. While the introduction of a national building code would be a positive step toward increasing energy efficiency in buildings nationally, in the absence of this, U.S. decision-makers could learn from policies implemented in the

EU, including the goal of “nearly zero-energy building” by 2020.<sup>21</sup> This directive states that member states should “draw up national plans for increasing the number of nearly zero-energy buildings (ZEBs) with very high energy performance” and, if a low amount of energy is required, then it should come “to a very significant extent” from renewable sources, including those produced on site or nearby.”<sup>22</sup> Many programs in the EU and in Germany have been designed to implement this requirement, and transatlantic dialogues could provide information exchanges on how these programs could be adapted to the U.S. context. Germany also has experience providing financing for energy efficiency improvements. Loans from the *Kreditanstalt für Wiederaufbau* (KfW) are designed to provide homeowners with low-interest loans that overcome the financial impediments to the up-front costs of increasing efficiency. These loans require that homeowners or developers engage an independent energy advisor, who helps with the planning and selection of contractors. This ensures that homeowners receive more information on the necessary technologies and makes certain that contractors are beholden to adequate standards. The KfW loans have been very successful, especially coupled with the regulations requiring upgrades.

### Transatlantic Grants and Support

In order to increase energy efficiency, it is important to continuously improve technologies in appliances as well as develop innovative and energy-efficient building materials. While mandatory standards require companies to achieve a measure of energy efficiency, transatlantic grants and financial support for companies and universities could support innovative research. As technology continues to improve, energy efficiency standards that are ambitious today might become the everyday norm tomorrow. Additionally, other incentives such as decreased processing times for patents or simultaneous patents in the U.S. and in the EU for energy-efficient technology could incentivize companies to invest in research and production of new energy-efficient products. While some countries, including the U.S., have already implemented fast-tracking of patents for environmental and energy-efficient technologies,<sup>23</sup> these programs should be expanded and used as a basis for an EU/U.S. patent. Transatlantic support should also be given to follow-

up studies on how energy efficiency measures are implemented and the net-effect policies have so that successful incentives can be replicated and strengthened. While the United States and Germany, as well as the EU, already have a lot of these programs on an individual basis, elevating them on a transatlantic level will make them more successful and better funded.

### Cooperation on Energy Efficiency Measures vis-à-vis Emerging Economies

As the United States, Germany, and the EU make progress in developing common energy efficiency standards and labels, it will be important to coordinate these policies vis-à-vis other countries, especially emerging economies. When the United States and the EU implemented more stringent energy efficiency measures in the past, some emerging economies became dumping grounds for less energy-efficient products. To prevent this, Ghana, for example, implemented its own energy efficiency label for refrigerators and air conditioners in 2009. However, to date, Ghana is the only emerging economy with such standards. Both the United States and Germany have long worked with emerging economies on energy policies and sustainable economic development. The United States Agency for International Development (USAID) as well as the German Agency for International Cooperation (GIZ) could cooperate on supporting the development of energy efficiency standards in emerging economies. In addition, both the United States and the EU should implement export restrictions for old, energy-inefficient appliances so that gains in efficiency in both countries are not undone by increased energy usage around the world.

### Conclusion

Energy efficiency is a key pillar of decreasing greenhouse gas emissions and addressing climate change. Germany, the EU, and the United States have made strides to increase their energy efficiency policies. However, the potential to save additional energy and make buildings and appliances more energy efficient remains great. Increasing transatlantic cooperation on energy efficiency standards and labels could lead to common standards and labels across the Atlantic. Products would then only need to meet one standard and have one label, decreasing time and cost.

Additionally, information exchange of lessons learned, such as German and EU progress on designing building codes, could benefit the updates to the U.S. building codes. The United States and Germany also need to take into account how more stringent energy efficiency standards impact other countries, especially emerging economies. While TTIP would be the most effective way in aligning energy efficiency standards and labels, the United States, Europe, and Germany can make progress on these issues irrespective of the success of TTIP, for example, by expanding the Transatlantic Economic Council's Energy Start program.

*The views expressed in this article are the author's alone, and do not represent the views of NARUC.*

<sup>1</sup> American Council for an Energy Efficient Economy (ACEEE), "The International Energy Efficiency Scorecard," <http://aceee.org/portal/national-policy/international-scorecard> (14 September 2014).

<sup>2</sup> U.S. Green Building Council, "Buildings and Climate Change," <http://www.documents.dgs.ca.gov/dgs/pio/facts/LA%20workshop/climate.pdf> (14 September 2014).

<sup>3</sup> Elizabeth Doris, Jaquelin Cochran, and Martin Vorum, "Energy Efficiency Policy in the United States: Overview of Trends at Different Levels of Government," *National Renewable Energy Laboratory Technical Report - 6A2-46532*, (December 2009), p. 5.

<sup>4</sup> Nikolaus Diefenbach, et al. "Monitoring der KfW-Programme 'Energieeffizient Sanieren' und 'Energieeffizient Bauen' 2011," Institut Wohnen und Umwelt GmbH and Bremer Energie Institut (30 August 2012).

<sup>5</sup> Hannah Choi Granade, et al., "Unlocking Energy Efficiency in the U.S. Economy," *McKinsey Global Energy and Materials*, McKinsey & Company (July 2009).

<sup>6</sup> Energy Efficiency Financial Institutions Group, "Energy Efficiency – the first fuel for the EU Economy," *Final Report* (February 2015), p. 6, <https://ec.europa.eu/energy/sites/ener/files/documents/Final%20Report%20EEFIG%20v%209.1%2024022015%20clean%20FINAL%20sent.pdf> (14 September 2015).

<sup>7</sup> For more information on this process see Jennifer Thorne Amman, "Energy Codes for Ultra-Low-Energy Buildings: A Critical Pathway to Zero Net Energy Buildings," *American Council for an Energy-Efficient Economy Report A1403* (December 2014).

<sup>8</sup> *Ibid.*, p. 16.

<sup>9</sup> Rachel Young, et al., "Economic Impacts of the Energy Efficiency Provisions in the Energy Savings & Industrial Competitiveness Act of 2013 and Select Amendments," *ACEEE White Paper* (September 2013).

<sup>10</sup> See the EU Energy Efficiency Directive: <http://www.bmwi.de/EN/Topics/Energy/Energy-Efficiency/eu-efficiency-directive.html> (14 October 2015).

<sup>11</sup> Milly Tambach and Henk Visscher, "Towards Energy-neutral New Housing Developments. Municipal Climate Governance in the Netherlands," *European Planning Studies* (January 2012), p. 112.

<sup>12</sup> Jo Williams, *Zero Carbon Homes: A Road Map* (New York: Earthscan, 2012), Chapter 3.

<sup>13</sup> Federal Ministry for Economic Affairs and Energy, "Product Energy Efficiency," <http://www.bmwi.de/EN/Topics/Energy/Energy->

[product-energy-efficiency.html](http://www.bmwi.de/EN/Topics/Energy/Energy-Efficiency/product-energy-efficiency.html) (10 September 2015).

<sup>14</sup> *Ibid.*

<sup>15</sup> Alliance to Save Energy, "The History of Energy Efficiency," Alliance Commission on National Energy Efficiency Policy (January 2013), [https://www.ase.org/sites/ase.org/files/resources/Media%20browser/ee\\_commission\\_history\\_report\\_2-1-13.pdf](https://www.ase.org/sites/ase.org/files/resources/Media%20browser/ee_commission_history_report_2-1-13.pdf) (14 September 2015).

<sup>16</sup> Steven Nadel, Neal Elliott, Therese Langer, "Energy Efficiency in the United States: 35 Years and Counting," *American Council for an Energy-Efficient Economy Research Report E1502m* (June 2015), p. 30.

<sup>17</sup> David Livingston, "TTIP's Lack of Energy," *Judy Dempsey's Strategic Europe* (24 March 2015), <http://carnegieeurope.eu/strategieurope/?fa=59478>, (14 October 2015).

<sup>18</sup> Trans-Atlantic Business Council, "Energy Efficiency in the Transatlantic Trade & Investment Partnership" (10 July 2015), [http://www.transatlanticbusiness.org/wp-content/uploads/2014/05/TABC-position-paper\\_Energy-Efficiency-in-TTIP\\_July10-2015.pdf](http://www.transatlanticbusiness.org/wp-content/uploads/2014/05/TABC-position-paper_Energy-Efficiency-in-TTIP_July10-2015.pdf) (14 September 2015).

<sup>19</sup> Federal Ministry for Economic Affairs and Energy, "What pertains to consumers?" <http://www.bmwi.de/EN/Topics/Energy/Energy-Efficiency/nape,did=689054.html> (14 September 2015).

<sup>20</sup> EU Energy Star, "Welcome to the EU Energy Star Programme," <http://www.eu-energystar.org/> (10 September 2015).

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Article 12.2, as discussed in Milly Tambach and Henk Visscher, "Towards Energy-neutral New Housing Developments. Municipal Climate Governance in the Netherlands," *European Planning Studies* (January 2012), p. 112.

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