

Historical Institutionalism Meets IR: Explaining Patterns in EU Defence Spending

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ALEN HRISTOV, FEB 3 2019

The European Union's Multiannual Financial Framework (MFF) outlines the Union's financial planning and main political priorities for a period between five and seven years. A proposal of this multifaceted budget is put forth by the European Commission, while the implementation of the MFF is done by the Council, after an approval by the European Parliament. Although the MFF is not as comprehensive as a national budget, it sets the principal categories of expenditure and the maximum amount of spending per category (European Commission, 2011, p. 1).

The 2021-2027 MFF is a modern, all-encompassing budget that accentuates on policies and areas such as the single market, migration and border management, the neighbourhood and the world, natural sources and the environment, and many more (European Commission, 2018, p. 6). One area in particular, however, presents a striking example of an increase in EU spending—*defence*. In today's globalized and rapidly changing world, EU Member States need to increasingly collaborate in order to adequately protect and defend their citizens and their values as well as their borders and territorial integrity. For this reason, the Commission proposed a massive, twenty-two fold increase in the defence sector of the next MFF. (European Commission, 2018, p. 1).

The object of this paper is to demonstrate which institutional theory best explains the EU's unprecedented increase of the MFF's defence portion. By applying historical institutionalism concepts to recent EU defence developments, the paper demonstrates that events from the past, namely the Western European policy towards the Soviet Union in the Cold War, have an effect on the current EU defence spending. After the 2014 Russian military invasion of Crimea, the EU imposed economic sanctions. However, the Union hesitated to intervene militarily in Ukraine, which raised questions about European defence in case of future Russian aggression. In the early Cold War, Western countries had realized that a policy of *détente* towards the communist Soviet Union would be unthinkable, given the latter's hostile stance towards capitalist countries. For this reason, the capitalist West decided to re-arm itself in order to ensure its ultimate survival. This paper argues that after Crimea—a critical point in history—the EU has pursued similar defence policy to that of the Western allies in the Cold War. Further sequential events strengthened the EU's view that Russia would remain the greatest threat to EU security, thus EU leaders decided to expand their projected defence spending. Ultimately, the paper argues that the whole early Cold War – post-Crimea episode is causally linked through a path dependent sequence of events.

The paper is divided into four parts. The first one outlines the case in question, namely the EU's increased projected spending on defence for the next six years. Subsequently, the paper explores historical institutionalism, the institutional theory that best explains the case in question. The third part analyzes the EU's rationale behind its augmentation of the defence portion of the MFF, while the fourth part provides a conclusion which summarizes the main arguments.

Case: EU Defence and the MFF

Security and defence have been critical to the existence of the EU ever since its inception. After the end of the Second World War, Europeans desired to avert future bloodsheds by joining the newly-established, collective security providing United Nations. It was initially believed that another large-scale interstate conflict would be highly

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unlikely in the near future. Yet, after Soviet-American relations gradually tensed, the likelihood of another great war re-emerged. In 1945, therefore, the European continent became divided between the capitalist West and the communist East Bloc.

The North Atlantic Treaty was signed on 4 April, 1949 (NATO, 2012). This established the North Atlantic Treaty Organization (NATO), which, from 1950 to the end of the Cold War, remained the principal source of defence for the western part of Europe. Subsequently, in 1991, the Treaty of Maastricht established the Common Foreign and Security Policy (CFSP) which was designed to organize and manage the EU's foreign and security policies (European Council, 2018). The CFSP was further reinforced in 1999 with the launch of the European Security and Defence Policy which was renamed in 2007 to Common Security and Defence Policy (European Council, 2018).

The 2014 Russian annexation of Crimea became the first of the most recent international events that critically menaced the defence of the EU. Moreover, the 2016 election of Donald Trump as President of the United States further had consequences for the defence and security of Europe, as the overall political dialogue between Washington and Brussels has become relatively strained in a number of areas, including defence and security. In sum, with their major ally being uncooperative, EU leaders also found themselves threatened on the East by a country that is unlikely to cooperate in the future, does not respect international law norms, and desires to increase its geopolitical influence, even at the expense of igniting a military conflict.

Theory: Historical Institutionalism Overview

One of the key features of historical institutionalism is the notion that its scholars “take history seriously” (Pierson & Skocpol, 2002, p. 5). In order to understand how significant events have occurred, historical institutionalists turn to history for answers, often examining decades or centuries of historical processes. They do not analyze these processes in isolation; rather, they relentlessly hunt for theoretical linkages that demonstrate causation between big, real world events (Pierson & Skocpol, 2002, p. 5).

The first main feature of historical institutionalism states that the past affects the future, with path dependence being a fundamental element. Although scholars have defined path dependence dissimilarly, they generally refer to it as “the dynamics of self-reinforcing or positive feedback processes in a political system – what economists call ‘increasing returns’ process” (Pierson & Skocpol, 2002, p. 5). All path dependency scholars agree that an event that had occurred in the past, sometimes in the very distant past, tends to build upon itself throughout history (Mahoney & Schensul, 2006, p. 458).

Secondly, according to some path dependence proponents, the occurrence of a *critical juncture* activates feedback systems that strengthen future historical happenings which translate into a pattern that persists over time. Critical junctures are important to examine as they mark the beginning of new series of sequences. They are “periods when a particular option is selected from a range of alternatives, thereby channeling future movement in a specific direction” (Mahoney & Schensul, 2006, p. 460).

Historical lock-in, self-reproducing sequences, and reactive sequences are historical institutionalism features that are also worth examining. Historical lock-in assumes that events throughout history might be found in a point of development from which they cannot escape. Subsequent events are assumed to be ‘locked-in’, and a stable outcome is produced over time as a result (Mahoney & Schensul, 2006, p. 463). Self-reproducing sequences are outcomes which are stably reproduced throughout time, and they may persist indefinitely or reach an equilibrium (Mahoney & Schensul, 2006, p. 466). Reactive sequences, on the other hand, are events that serve both as a reaction to previous events as well as a cause of subsequent occurrences; they represent “chains of temporally ordered and causally connected events” (Mahoney & Schensul, 2006, p. 467).

Using the theoretical background provided in this section, the paper will next analyze the question of the 2021-2027 MFF defence sector increase. By applying some of the aforementioned concepts to the EU projected defence spending, the paper will demonstrate why historical institutionalism represents the most suitable new institutionalist theory capable of explaining the case in question.

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Analysis: Historical Patterns in EU Defence

Historical institutionalism provides the best theoretical framework that can explain the increase of the 2021-2027 MFF's defence portion. As mentioned in the second section, after the Cold War, Russia has frequently posed challenges to EU security. With the 2014 Russian annexation of Crimea, however, the most important critical juncture occurred. Among the policy options that were available to them, EU leaders decided to impose economic sanctions, thus to retaliate against the Russian aggression in Ukraine (European Council, 2018). However, a constant fear that Russia might further attempt to appropriate territories from neighbouring states, such as Belarus, Georgia, or Estonia, remained present.

After the Russian annexation of Crimea, several reactive sequences occurred between 2014 and 2018. First, in 2015, the Russian geopolitical influence grew in parallel with its threat to European security, as Vladimir Putin decided to deploy military forces to Syria in support of President Bashar Al Assad (Gibbons-Neff, 2015). Second, in the following year, it was further discovered that Russian hackers interfered in the 2016 U.S. Presidential Elections, aiming at damaging the prestige and electability of Democratic Party leader Secretary Hillary Clinton. The National Intelligence Council concluded that "Moscow's influence campaign followed a Russian messaging strategy that blends covert intelligence operations—such as cyber activity—with overt efforts by Russian Government agencies, state-funded media, third-party intermediaries, and paid social media users or 'trolls'" (National Intelligence Council, 2017, p. ii).

Third, the subsequent victory of the Republican candidate, Donald J. Trump, further exacerbated EU's defence dilemma, as he pledged to reduce U.S. contribution to NATO—the main international organ responsible for the security and defence of Europe (Walt, 2018). Trump's election was followed by tense EU-US relations and closer US-Russia ties, which further questioned the credibility of EU's closest and most powerful ally. Last, but definitely not least, in March 2018, Vladimir Putin secured yet another term in power, as he won the Russian Presidential Elections, which assured him the leadership seat until 2024 (Roth, 2018). In between the aforementioned events, multiple assassinations, poisonings, abductions, human rights abuses, cyberattacks, and so forth were done on the part of Russia against journalists, political rivals, and foreign enemies (Groll, 2018).

It can be observed, therefore, that there was a sequence of events that succeeded the critical annexation of Crimea. Since 2014, the EU has continually extended its sanctions regimes upon Russia, adding more and more politicians, businesspersons, and other officials who were connected to the Crimean case (European Council, 2018). From 2014 to 2017, Member States have also expanded their contributions to NATO, with 2017 witnessing an almost 5% increase (Banks, 2018). Nevertheless, what the EU has lacked is its own substantial force that would be capable of responding to further Russian incursions, especially in the Baltic region.

History matters, nevertheless. EU's future defence spending policy resembles that of the Western Allies in the early years of the Cold War. Shortly after World War II ended, George Kennan, American Ambassador to the Soviet Union, wrote the Long Telegram and the 'X Article' which outlined the West's foreign, security, and defence policies towards the Soviet Union (Kennan, 1947). He concluded that Western countries could not peacefully coexist with the USSR as the latter considered itself at perpetual conflict with capitalist states (Kennan, 1947). This particular episode represented a critical juncture in history, where among the many policy options available to them, Western nations decided to implement a "policy of firm containment, designed to confront the Russians with unalterable counterforce at every point where they show signs of encroaching upon the interest of a peaceful and stable world" (Kennan, 1947).

It can be seen, therefore, that historical events became reproduced. Having exhausted their diplomatic and economic tools, EU leaders chose to increase their defence capabilities, as, just like the USSR during the Cold War, Russia today is unlikely to cease its attempts to weaken the EU and improve its geopolitical influence. A historical institutionalist might relate the defence aspect of the 2021-2027 MFF to the American NSC-68 of 1950. NSC-68 was a document that successfully materialized the containment policy, calling for a large-scale militarization of the US and its allies and their opposition to communism worldwide (Office of the Historian, 2018).

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Similarly, having realized that Russia would not be a credible partner, the EU decided to re-arm itself by expanding its projected defence spending. Yet another event that re-occurs throughout history is the French call for a more autonomous and less reliant on the US European defence policy. In 1966, for instance, French President Charles de Gaulle withdrew his country from NATO Military Command Structure, with the argument that the organization was heavily dominated by the U.S. and the U.K (NATO, 2009). In a similar way, in August 2018, Emmanuel Macron declared that the EU should not rely anymore on the U.S.-sponsored NATO for its own security (Embury-Dennis, 2018). All in all, as demonstrated above, a number of critical and reactive events occurred throughout history, which shows a pattern that persists over time: like Western nations in the early years of the Cold War, the political and geopolitical climate today compel the EU to increase its defence spending, thus to ensure its survival—as the West had previously done.

One might argue that sociological and rational choice institutionalisms can provide an alternative explanation to the MFF's defence increase. Sociological institutionalism can be useful in explaining the EU's decision to impose sanctions upon the Russian Federation after its annexation of Crimea, as sociological institutionalists argue that states behave according to established norms of appropriate behaviour, which demonstrates why the EU imposed sanctions upon the norm-breaching Russia. Rational choice institutionalists, on the other hand, would need to consider the preferences of all individual twenty-seven Member States. This will over-complicate the analysis, as there is a possibility that no coherent approach might be found on the part of the researcher as to what the combined EU interest might be in increasing the MFF's defence spending.

Conclusion

By using historical institutionalism concepts, the preceding pages demonstrated that the EU's decision to increase the defence sector of its future MFF was influenced by past historical events. Having examined the early Cold War period, the paper concluded that the EU's defence spending in the post-Crimea years resembled that of the capitalist countries in the post-World War II era. The annexation of Crimea, a critical juncture, was followed by a number of causal events that built upon each other and ultimately fostered EU's perception of Russia as the biggest threat to Europe's defence and security. As a result of a path dependence that causally linked events ranging from the early Cold-War to the post-Crimea years, the EU increased its future defence spending in order to be prepared in case of future Russian aggression, especially in the Baltic region.

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