

A compass with a black face and silver casing is partially buried in golden sand. The compass face shows cardinal and intercardinal directions: N, NE, E, SE, S, SW, W, and NW. Degree markings are visible around the perimeter of the compass. In the background, a semi-transparent globe is visible, showing the outlines of continents. The overall scene is lit with warm, golden light, suggesting a sunset or sunrise.

# Fluidity and Instability II: continuing impacts on the global order

Ongoing Geopolitical Perspectives  
6 May 2011

**FLEISHMAN**<sup>SM</sup>  
INTERNATIONAL COMMUNICATIONS  
**HILLARD**

Digital. Integrated. Global.

The **elimination of Osama bin Laden** has, at least temporarily, given the US a renewed profile of global power. However, a major terrorist attack in the west is still possible in retaliation. Meanwhile, **the EU continues to struggle with the euro and immigration crises**, each creating internal divisions within the union, and both together causing immense tensions.

Meanwhile, **the international operation in Libya shows little sign of breakthrough**, stretching the capabilities of the mostly European allies and threatening rifts between them. Elsewhere in the Arab world, unrest has effectively become chronic: at this point it is not possible to identify either solutions or end dates to the various confrontations. This may lead to increased **tensions between the west, especially the US, and the Arab world** as citizens in that region search for answers to their internal strife.

**Japan is still struggling to close down the Fukushima nuclear plant**, while at the same time attempting to begin the massive reconstruction project, now estimated at US\$ 300 billion. At the same time, **commodities markets are beginning to react adversely to continuing global instability**, pricing down everything from oil to cocoa, on fears that the historically high prices are unsustainable for economies struggling to emerge from recession.

Against this backdrop, **Energy prices will probably remain high for some time** due to the unrest in the Arab world and Japan's need to buy more energy on the market; even after a slide on commodity markets, oil hovers around US\$ 100.00 a barrel, and it is unlikely in the short term to slip to the US\$ 40.00 low of 2008. **Global GDP may well go down** due to the combination of lost output in the Arab states and Japan, fears over the Eurozone, and the sluggish recovery of the US economy.

## GLOBAL DIMENSIONS

**The elimination of Osama bin Laden**, the world's most wanted terrorist, is undoubtedly the most significant development in the past month – both in itself, and in regard to broader developments in the Middle East, central Asia, and around the globe. In itself, the demise of bin Laden carries a largely symbolic meaning: a man who led to the perpetration of immense evil is no more. Equally symbolic is the projection of US power and determination: nearly ten years after the act, based upon meticulous intelligence work, and in a daring but well-planned raid on foreign soil, the deed was done.

Beyond the symbol, however, the absence of bin Laden will probably not carry great significance in structures of world terror: he was not

considered to be a direct commander for some time, and in any event Al Qaeda was and remains more of a franchise than a coherent organization. As such, there is every danger he will become an even greater figurehead, and probably a martyr, amongst Islamic extremists – especially in Pakistan and Afghanistan. Yet it remains unclear whether this status will spread to other parts of the Muslim and Arab worlds: so far the extremists have not managed to take over the confrontations and revolutions, which are still being led by the street, and by youth. And for them, bin Laden is more of a two sided character: he may have challenged the US and the west in 2001, but he is also considered to have brought a lot of pain upon the Arab world in retaliation. While the turmoil is ongoing, his demise may not be a rallying point.

The most immediate global impact of the bin Laden raid will be felt in Afghanistan,

Pakistan and the surrounding area. Clearly, the fact bin Laden was comfortably hiding in a villa in Pakistan, next to the national military academy, has already strained the complex US-Pakistan relationship, while highlighting the potential danger Pakistan carries for the rest of the world. The US, much like the rest of the west, cannot afford to abandon Pakistan, for a number of reasons: it borders on the unruly Afghanistan; it is a leading Muslim state; and it has proven nuclear capabilities. On the other hand, it has repeatedly proven itself an unreliable ally, with this instance

being the last and possibly worst in a series; its state structures are weak, with the military considered the strongest – yet now also the most perfidious; and corruption is endemic at every level. This balance suggests the status quo of an uneasy alliance with the west will

continue, but with ever diminishing trust, and therefore effectiveness, on both sides. As a result, the US and NATO plan to retreat from Afghanistan next year may be put off to a later date.

**The unrest in the Arab world** has spread even further in the past month, with Syria becoming engulfed by riots and retaliation by the Assad regime. In the Arabian peninsula the unrest in Bahrain has been somewhat reduced, albeit at the price of killing dissidents and denying them access to hospitals; in Yemen the demonstrations continue and the president refuses to budge; and in Saudi Arabia the royal family has exerted much internal power and spent a considerable amount of money in attempts to dampen signs of dissidence, which still persist. Around the Mediterranean the situation continues to be dire, with Syria refusing to allow entry to journalists, and tensions

**The absence of bin Laden will probably not carry great significance in structures of world terror.**

rising again in Egypt and Tunisia – where the post-revolutionary regimes have yet to deliver tangible results to the street, creating a very real threat of another uprising. In addition, Libya is still seething, with refugees continuing to flee into neighbouring states, putting ever more pressure on non-functioning state systems in Tunisia and Egypt, and on the fragile capabilities of the African neighbouring states to the south.

The length, intensity and sheer violence of the various uprisings suggest that the unrest

in the Arab world has effectively become chronic: at this point it is not possible to identify either solutions or end dates to the

confrontations. The root causes of each, though specific to each state, tend to be the same: endemic hatred of corrupt, repressive and dictatorial regimes by their populations. However, these three traits have also ensured that civil society has been all but eliminated in these states, making it difficult for coherent movements or leaders to emerge and organize a substantive program of revolution and reconstruction. As a result, even where revolution appeared successful, in Egypt and Tunisia, reconstruction has faltered; while in other states revolution is difficult since the opposition has to simultaneously create itself, spread the word to the masses, and fight a very structured, well-trained and well-equipped state machine. Curiously, the motivation on both sides of these fights has now become more or less the same: desperate and fearful. The masses are desperate to rid themselves of these terrible regimes, and they are

also fearful for their lives. The regimes are equally desperate to cling on to power – and are also fearful for their lives. Having watched the outcomes for the deposed dictators and their cohorts in Egypt and Tunisia, and being very aware of the potential negative outcome for Gaddafi, they know they have nowhere to go. As such, each confrontation and revolution can only play itself out – as yet an unknown terminus, in which only thing is certain: it will be a mess, since all efforts will have been spent on the fight.

### **Unrest in the Arab world has effectively become chronic.**

**The international operation in Libya shows little sign of breakthrough,** with casualties rising together with a sense of stalemate.

So far, the international coalition has held together, but the Arab League members are beginning to fear there may be a demand for such an intervention in Syria, to which they are absolutely opposed. On the other hand, the effective scaling down of US capabilities in the NATO-led coalition to a minimum has exposed the limitations of the European military capabilities and put immense pressure on them. The lead nations, France and the UK, are constantly seeking active assistance from other states (primarily planes and manned weapons), but so far not much has been forthcoming, despite stated support for the operation. As a result, there are emerging tensions in the coalition, especially amongst the European members, which are already engaged in other debates within the EU. This does not bode well for the operations in Libya.

## THE EU AND THE CRISES:

**The EU continues to struggle with the euro and immigration crises.** As noted in our previous updates, the conflation of the euro crisis with the refugee crisis from Libya and Tunisia has wrought union-wide tensions and outcomes. In a rapid and somewhat cynical development, Italy, which is hosting the majority of refugees, attempted to shift the issue onto the EU through the Schengen mechanism of open borders. To this end it gave many of the refugees temporary status then took them to the border with France, where many of the Tunisian refugees have family. In response, France temporarily closed its borders and reinstated passport checks. In an attempt to quiet an escalating war of words, and closed borders, Italy and France – which share a common southern goal of resolving the conflicts in the Mediterranean – forged a common front demanding union-wide changes to the Schengen agreement. And fearful of the immigrants coming north, all other states agreed. These changes enable temporary closure of borders only under exceptional circumstances, but nonetheless they potentially undermine one of the most important assets and achievements of the EU – the free movement of people.

France is gradually moving into the role of EU lynch-pin: while simultaneously arguing with Italy over refugees, fighting alongside it in Libya and presenting a revision of the Schengen mechanism with it, France was also the stalking horse used by Germany to show its approval of Mario Draghi as the next President of the ECB. Currently the head of the Italian Central Bank, Draghi was considered an unacceptable southerner in Germany, but once Axel Weber, the German candidate, took himself out of the race, Draghi became the next best choice.

**France is gradually moving into the role of EU lynch-pin.**

Chancellor Merkel was eventually convinced of his eligibility, and the Chancellery worked overtime to convince the national media this was the case. But in order to avoid a public *volte-face* Germany left it to France, its strongest ally and front-man in the Euro, to voice collective approval.

The euro crisis does not appear to be abating, with the official bail out of Portugal approved to the sum of 78 billion euro, financed jointly by the EU and the IMF. Far smaller than the 256 billion euro loan to

Greece – which again appears on the edge of default – this bail out is significant because it highlights two emerging and strengthening trends: first, the negative reaction

of the Portuguese population; and second, the negative attitude of other states in the Eurozone, reflected in the rise of right wing anti-EU parties. In Greece and Ireland too the populations were far from happy at accepting the restrictions incumbent in the bail-outs, but they nonetheless appeared to understand the need for them. In Portugal the mood appears to be more militant, which does not suggest a rejection of the package but rather a change of attitude to the Euro. Equally, the electoral success of the right wing and Eurosceptic True Finns in the elections in Finland – they came in third place – may suggest the limits of manoeuvre within the Eurozone are about to be much more narrowly defined. While the party will probably not force the Finnish government to oppose the bail-out to Portugal, it will demand the bail-out mechanism be put under very strict conditions for future crises.

## CONCLUSION

Taken together, the different strands of events and developments reflect very contradictory forces at work. These forces are putting the EU and its Member States under immense strain.

The turmoil in the Mediterranean places the southern states in a front line not shared by more northern Member States, many of whom are interested only in keeping refugees out – and are effectively using the southern states as a buffer. On the other hand, the northern (and often more fiscally prudent)

states are developing increasing disinterest in maintaining the more profligate southern states within the Eurozone. In both crises the trends are fed by growing fears of foreigners amongst all populations, coupled with a growing distrust of the euro – in the north because it means paying for the south, and in the south because it means austerity to pay the bills run up in the past decade. In turn, these populations are finding political channels for their discontent in parties that offer anti-immigration and anti-EU platforms. The

success of these parties in France, Finland, the Netherlands, the Czech Republic, amongst other places, means the entire political climate in the EU is under

pressure, resulting in changes to fundamental issues such as the Schengen agreement. There is therefore an emerging contradiction: populations and politicians are increasingly leading their countries towards the separation of states, but realities – be they financial, terrorism, or turmoil in the Middle East – are pushing towards a common

position and capability. At this point the EU is strong enough to withstand these contradictory pressures, but there is a growing need to strengthen its institutions if such a stand is to be maintained.

**Populations and politicians are increasingly leading their countries towards the separation of states, but realities (...) are pushing towards a common position and capability.**

*Dr Ilana Bet-El,  
Senior Policy Advisor*

For more information, please contact:

Dan Baxter

[dan.baxter@fleishmaneuropa.com](mailto:dan.baxter@fleishmaneuropa.com)

Square de Meeûs 35

B - 1000 Brussels

Tel: +32 2 230 05 45

Fax: +32 2 230 57 06

## Our contact details

Digital. Integrated. Global.

**FLEISHMAN**<sup>SM</sup>  
INTERNATIONAL COMMUNICATIONS  
**HILLARD**