CONFLICT AND COOPERATION IN EU-US RELATIONS IN POST-COLD WAR ERA

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CERTIFICATE

This is to certify that the dissertation entitled **"CONFLICT AND COOPERATION IN EU-US RELATIONS IN POST-COLD WAR ERA,"** submitted by **T. AJUNGLA JAMIR** in partial fulfilment of the requirements for the award of the degree of **MASTER OF PHILOSOPHY** of this University is his own work, and has not been previously submitted for any other degree of this or any other University.

We recommend that this dissertation be placed before the examiners for evaluation.

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Dedicated to

MY TSUNGREM AND MY PARENTS

CONTENTS

PREFACE

Global politics since the end of the Second World War has been dominated by an age of conflict and co-operation among various groups and organizations. The end of the Second World War in 1945 saw the rise of the North Atlantic Treaty Organization (NATO) – a transatlantic alliance between Europe and the USA (not forgetting Canada). This alliance proved to be the most successful 'military' alliance in world history. The alliance was formed to counteract the Soviet-led Warsaw Pact, as a sign of collective security among America and her West European allies. With the formation of the NATO and the Warsaw Pact, the era of Cold War began. And with this, the politics of many countries, especially that of the Third World came to be shaped with Cold War politics for many decades to come till the fall of the Soviet Union in 1991.

From the onset, the transatlantic alliance shared many values, which at times led to conflicts. No doubt, to the outside world, the alliance was a sign of collective security and cooperation. But there were times during which the alliance had to overcome differences among them so as to come to a certain agreement. What began as a US dominated alliance when Europe was trying to recover form a devastated war, has ended with the struggle for power politics and decision-making influences. America's allies, notably France and Germany are now becoming more assertive to become free of what they feel is a US dominated alliance. No doubt, the re-unification of Germany has been a factor for shifts in the alliance policy, along with the fall of the Soviet Union. And with the launch of the European Single Market (ESM) in 1992, the US faces a more united and powerful Europe that can even challenge the supremacy of the US dollar. The formation of the Common Foreign and Security Policy (CFSP) and the European Security and

Defense Identity (ISDI) has also further strengthened the confidence of Europe to have things the way it likes within the alliance itself too.

This study therefore tries to analyze the relationship between the European Union

And the United States from different perspectives in five chapters.

Chapter one will begin with an introduction about how the transatlantic alliance came into formation. It will also deal with the integration of Western Europe and how the US played a major role in it. And also the main motives and implications behind the US interest in the re-shaping of Europe.

Chapter Two will focus on the EU and the US relations in the post-Cold War Era. Importance will be given on how successfully the alliance has worked in the course of the Cold War. The rise of competition and cooperation as well as growing tensions and differences between the two partners will also be dealt with in this chapter.

In Chapter Three, main emphasis will be given on the EU and US Economic relations. By far, economic interests played an important factor in shaping the alliance. Though the alliance was basically formed as a military structure, the importance of economic interests between the two cannot be denied.

Chapter Four will deal with the United States and the European Security and Defense Identity (ESDI). It has been the dream of West Europeans to form its own military structure to deal with matters at home. But how far has it been successful to defend Europe by the Europeans themselves, without US interference will be discussed in this Chapter.

Chapter Five will conclude with an over all assessment of the relationship.

First and foremost, I would like to express my sincere and heartfelt gratitude to my teacher and supervisor, Prof. R.K. Jain for his indispensable guidance and utmost consideration and sympathetic understanding of my shortcomings. His help has been of immense value in accomplishing this work. Thank you Sir for enabling me to finish this work through your frank and humble guidance.

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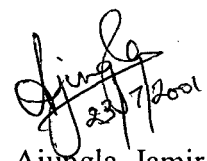
Above all, I would like to give all thanks to God for always being there in times of my need. Thank you God Almighty for what you have been to me.



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"The United States and Europe share the same civilization based on individual liberty and conduct their public life according to common democratic principles. The essential is there".

Jean Monnet.

CHAPTER 1: INTRODUCTION.

Europe – US Relations at the End of the Second World War

The Treaty of Versailles failed in 1919, when America under Woodrow Wilson withdrew from the very structure that it had helped create. This in turn led to the tragic resumption of total war 20 years later. Therefore, when the third opportunity arose in 1945, the leaders of the West created the most successful peaceful Collective Security in history, centred around the Truman Doctrine, the Marshall Plan, the North Atlantic Treaty Organization (NATO), and American leadership. This creative architecture reflected the underlying goals of America's post-War engagement in Europe. The Americans saw the Marshall Plan as a programme of assistance and credits designed to stimulate co-operation among the European States. The Plan was not only offered to Western Europe but also to the Soviet Union, which turned it down for itself and its satellites, and instead embarked on a 45 year epoch that condemned "an entire region to political and economic ruin".[1]

The US has maintained diplomatic relations with the Economic Community (EC) and its forerunners since 1953, when the first US observers to the European Defense Community and the European Coal and Steel Community (ECSC) were

[1]. Richard Holbrooke, "America, A European Power", *Foreign Affairs*, March-April, 1995, pp. 38-40.

nominated. In 1961, the US Mission to the European Communities (now the European Union-EU) was established. The European Commission was represented in the US by a delegation in Washington, which was established in 1954 largely thanks to the work of the then President of the ECSC, Jean Monnet. A New York office accredited as observer to the United Nations (UN) was established in 1964. In 1976, the Washington office became a delegation with full diplomatic privileges and immunities. The delegation represents the EC in its dealing with the US government. It reports on US developments to its headquarters in Brussels and acts as a liason office with other international institutions in Washington D.C.

EU-US co-operation and partnership have grown and intensified steadily since the earliest days of European integration, when the US was the first country to accredit a diplomatic representation to the ECSC in 1952 and European Economic Community (EEC) and European Atomic Energy Community (Euratom) in 1958.

Yet, inspite of the overwhelming importance of the Soviet threat, a major goal of US foreign policy in establishing the North Atlantic Treaty Organization has been the goal of promoting internal European stability. For over 40 years, American leaders have generally accepted that the US presence in Europe plays a constructive stabilising role within Western Europe as well as between East and West.[2] Just as the US sought to block Soviet domination of Western Europe, so it also hoped to prevent a revival of internal West European conflicts that already had led to the Second World War. NATO also provided a vehicle for US leadership in the world. The heavy dependence of NATO on US conventional forces and nuclear

[2] Stanley R Sloan, "US Perspectives on NATO's Future", *International Affairs*, Vol. 71, No. 2, April 1995. pp. 219-220

weapons gave the US a decisive voice in decisions about European security. Within Europe, the US exercises extraordinary influence.[3]

The US goal to maintain its influence in NATO and Europe was to preserve NATO as a 'unified' and 'collective' alliance, as well as to build a stable and peaceful security order in Europe, anchored on a military balance of power vis-à-vis the USSR.[4]

Though in recent years, the domestic debate has tended to emphasize the financial cost of US leadership role, the American role in NATO carried with it some economic benefits as well. European reliance on the US sold more than a few weapon systems to allied nations, often in competition against indigenously developed products.[5]

The true origins of the Cold War can be found between the Wilsonian and containment phases of US policy after World War II. After leaving Europe in 1945 to pursue a more active global role, the United States expected European states to undertake the task of national economic and political reconstruction. And from 1945 to 1947 the United States and democratic parties in Western Europe came to fear the political and military advantages of the Soviet Union in Eastern Europe, particularly the potential appeal of communism in Western Europe under prevailing circumstances of economic disruption and stagnation. [6]

The Soviet Union also came to fear the economic advantages of the West, particularly as the West began to use those advantages to launch economic

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[3] Ibid., p. 220
[4] Richard L Kugler, *The Future of US military Presence in Europe: Forces and Requirements for the Post-Cold War Era* (Santa Monica CA: RAND Publications, 1992), p. 45
[5] Stanley R Sloan, n. 2, p. 220
[6] Henry R Nau, "Rethinking Economics, Politics and Security in Europe", in Richard N Perle (ed.), *Reshaping Western Security: The United States Faces a United Europe* (Washington DC: American Enterprise Institute, 1991), pp. 16-18

srecovery in the Western zones of Germany and Western Europe more generally. Thus, began the economic, political and military interrelationship between the USA and Western Europe, in what was to be known as a transatlantic relationship of security, trust and power.

Since the relationship started between the two after the end of the Second World War, Europeans periodically doubted American commitment to their defense. Dependence was grating to European elites and occasionally terrifying to people on the street. In the 1950's, Europe had little choice. Dependence was, if not desirable, at least unavoidable, and so European leaders adjusted their actions accordingly. However, as Europe became a political and economic equal of the United States, dependence became more uncomfortable, for both leaders and the public. Leaders have been more tempted to vent their anger at the United States, and sloppier in calculating the effects of their actions of their ally. Europeans have been more prone to fear that the superpower that is their ally is nearly as dangerous as the superpower that is their ostensible adversary. European temptations to "equidistance" between the two superpowers have been abetted.[7]

In security issues outside Europe, the United States had always considered European co-operation as important and necessary. This implied that the Europeans had to be more deeply involved in American policy-making. And if American purposes require actions that make large claims in European politics, the Europeans will have to be involved in decisions. And if American demands were to follow with European refusals, the alternative to frustration will be open feuding in the alliance[8]

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[7] Gregory F Treverton, *Making the Alliance Work: The United States and Western Europe* (Ithaca, New York: Cornell University Press, 1985), pp. 90-95
[8] Ibid.,

The history of the Atlantic alliance after the post-war has been more one of disagreement than of agreement over what to do about issues outside Europe: Indochina in the 1950s, above all Suez in 1956, and Indochina again in the 1960s, this time with European and American positions reversed. Now, it was Washington that entreats its European allies to pay more attention to security issues beyond Europe; two decades ago it was the reverse, Europeans urging and American leaders resisting. History seems to testify to the proposition that in trans-Atlantic relations there are only a few positions, and so the alliance partners keep exchanging those positions.[9]

The instances of Suez crisis and the Vietnam War illustrated the symmetry and frustration of the trans-Atlantic debate over issues outside Europe. The British and the French felt a sense of betrayal by the Americans over the Suez issue, where their major ally not just failed to support them but explicitly opposed them in connivance with the principal adversary, the Soviet Union. American anger over the lack of European support in Vietnam was weaker; at least the Europeans were bullied into keeping their opposition relatively quiet, but that anger was one of the strands in the move to reduce the American garrison in Europe in the late 1960s and early 1970s.

The frustration of this trans-Atlantic griping is that its effects continue despite the rights and wrongs, as history now would assess them. The United States probably was right over Suez, and most Americans would agree that the Europeans were right about Vietnam: it was not that a strategic objective worth the price, and to boot, it dangerously diverted American attention from more important issues elsewhere, and not just in Europe. But that is not the point. If the Americans were

[9] ibid.,

wrong about Vietnam, they may be wrong about Afghanistan. This just shows that the two sides of the Atlantic keeps switching positions, and that neither Europeans nor Americans automatically accept the other's view of issues beyond Europe. And of course, the Europeans often themselves are divided.

Transatlantic Relations in the 1980s and the 1990s

The collapse of the Soviet Union has changed the basis for European foreign policy and military collaboration. Although the United States and the countries of Western Europe have had an extremely close alliance since the end of World War II and continue to coordinate military efforts within the NATO structure, many Europeans in positions of responsibility see their economic interests and foreign policy goals differing from those of the United States with respect to many parts of the world.

The final question is whether "Europe" has a valuable role to play on the world stage. The Europe we have at present is a product of the Cold War era. Now that the whole situation in Eastern Europe has changed, with most of the erstwhile Communist countries willing to join "Europe". Also the long-term effect of the Cold War will be a gradual reduction in the American defense commitments to Europe. This prospect even causes some pleasure in those parts of Europe –above all, France and Germany-where anti-Americanism has long flourished. Clearly the Europeans will have to take more care of their own defense. But the question is whether this requires political integration, an Euro-army, an Euro-foreign foreign policy, and an Euro-government. For more than 50years NATO has managed to defend Western Europe without any such political integration, and NATO is clearly the most successful international organization in modern history.[10]

[10] Noel Malcolm, "The Case Against Europe", *Foreign Affairs*, Vol. 74, No. 2, March-April, 1995, pp. 65-68

The problem is that Europe is indeed a collection of countries with different national interests and foreign commitments. On each separate security issue, individual states may have concerns of their own that are not shared by their fellow members (Britain over the Falklands, France over North Africa, Germany and Italy over Yugoslavia, and so on). To try to form a single European policy on such issues, whether by unanimity, consensus, or majority voting, is to guarantee at best ineffective compromise and at worst total self-paralysis.[11]

The strategic culture of the Cold War combined great eagerness to accumulate weapons with great caution in their use. Fearing that any act of war might start a progression of moves and countermoves leading to catastrophe, the nuclear powers strenuously avoided any direct combat with each other. There were many wars, but the "remarkably deliberate and controlled behavior that became a new norm for nations around the world deterred the thoughtless escalation of confrontation and the eruption of war through sheer miscalculation. With the end of the Cold War, the size of armed forces, military expenditures, fear of nuclear attack, and learned habits of restraint are all much diminished.[12]

When the Soviet Empire collapsed, Western Europe shared with America the victors' laurels. But on the whole, Western Europe's performance during the Cold War gave little sign that it had regained the elan and percipience essential to its self-preservation, much less global leadership. On the contrary, Western Europe survived the Cold War as much a ward of the United States as a partner. Of course,

[11] ibid., p. 68
[12] Edward N Luttwak, "A Post-Heroic Military Struggle", *Foreign Affairs*, Vol. 75, No 4 July-August, 2000, p. 33

it was easier for America to show courage and leadership because it was so powerful.[13]

One might ask how Europe could show a like strength when it was so overshadowed by Soviet power. But this observation begs the question of why Europe was overshadowed by Soviet power. Once it had recovered from World War II, Western Europe's financial, industrial, and technological resources exceeded those of the Soviet Union. If it had summoned the will and unity, it could have defended against the Soviet threat without relying on America.

In practice, however, while it relied on America for protection, it also often impeded America from waging the Cold War effectively. Although America's commitment to defending Europe rested on the doctrine of containment, America's NATO allies often refused to help, and sometimes deliberately hindered, America's efforts to apply that doctrine outside of Europe. And even within Europe, it sometimes seemed as if America had to drag its allies into taking the measures necessary for the common defense although it was first and foremost Europe's defense. The one European leader who objected most vociferously to the continent's dependence on America was French President Charles de Gaulle. But the policies he adopted on this account did less to remedy the dependence than they did to hinder the West's collective defense, a defense from which France, despite its aloof posture, never entirely divorced itself. [14]

When Kim II Sung launched the Korean War, President Harry Truman quickly decided to try to repel the aggression, although American spokesmen and

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[13] Joshua Muravichik, *The Imperative of American leadership: A Challenge to Neo-Isolationism* (Washington DC: The Enterprise Institute, 1996), pp. 56-70

[14] ibid., p. 63

planners had previously placed Korea outside of America's "defense perimeter."America's European allies were more ambivalent. As historian James Stokesbury put it, "The British dragged their feet, the French were obstreperous." Nonetheless, when the United Nations decided on military action, the NATO allies contributed forces, many of whom fought with great bravery. Still, throughout the war, the Europeans' devotion to the principle of collective security was vitiated by their unease with the concentration of America's attention on Asia, when they wanted it focused on Europe.[15]

The alliance faced a serious threat to the stability of their relationship over these differences. The alliance had a wide range of policy choices and did not meet the threat with passivity. Problems were hence manageable if not solvable in the earlier years.[16]

However, a more poisonous issue arose in the 1960s as America sank deeper into Vietnam. Not only did anti- American demonstrations filled the streets of Europe's capitals, but intellectual luminaries like Betrand Russell indicted America in mock war crime trials, and the Foreign minister of France (the nation whose mess in Indochina America had inherited) declared that the people of South as well as North Vietnam were "at war with the United States." Spurred by their rejection of America's policies in Vietnam, the Europeans grew freer in their opposition to America's containment efforts elsewhere.[17]

In the Middle East where the Americans sided with Israel, the Europeans largely sided with the Soviet-backed Arab camp because, as they acknowledged, they felt beholden to the oil producers. Thus, during the 1973 Yom Kippur War,

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[15] ibid.,
[16] Stephen J Cimbala, *Extended Deterrence: The US and NATO Europe* (USA: DC Heath and Co., 1987), p. 3
[17] Joshua Muravichik, n. 14, p. 64

when America undertook an emergency airlift of supplies to Israel, the NATO allies would not even cooperate to the extent of allowing American planes to land on or overfly their territory.

West Germany, moreover, blocked the loading of American arms into Israeli ships in German ports, and Great Britain even refused to introduce a cease-fire resolution in the United Nations that America sought. The US State Department spokesman complained,

> "We were facing.... a critical situation that involved the US and the USSR.... the European interest in the indivisibility if security.... ought to have been an important consideration." And Secretary Kissinger added: "For two weeks while the US had to make significant decisions, the Europeans acted as though the Alliance did not exist."[18]

In 1985, after notorious attacks on civilians in the Rome and Vienna airports, America's allies would not agree to impose trade sanctions against Libya, whose government was known to have sponsored the terrorists. In the 1980s, America adopted the Reagan Doctrine, which entailed supporting anti-Communist guerrillas. America's allies were generally unsupportive, and in Nicaragua, the centerpiece of the doctrine, some even supported the Communist Sandinista regime. France, Spain and Holland gave diplomatic support and financial aid to Managua, and France even sold its weapons.[19]

At the end of World War I, the world saw the passing of four great empires, some of which had lasted for six hundred years: The Russian, the German, the Austro- Hungarian and the Ottoman. In their place emerged a large number of new states, most weak and unstable, themselves both a cause and consequence of what

[18] ibid.,
[19] ibid., p. 65

E.H.Carr has called "the twenty year truce" between the Versailles settlement and the outbreak of World War II. Despite high hopes, the League of Nations, collective security and disarmament did not prevent war. At the end of World War II, in addition to the collapse of the Third Reich, there was the end of the Italian and Japanese delusions of imperial glory, the establishment of a growing Soviet Empire and the continuation of civil war interrupted by World War II in China.[20]

At such times, it was only natural that a devastated Europe after experiencing the pains and ruins of two World Wars feel the need to have a strong protector or to be a part of a great security organization so that Europe will not become a battlefield again. The threat of the rise of a growing Soviet power with strong ideas of communism alarmed the countries of West Europe. America, on her part too felt that if Soviet Union were allowed to spread its ideas over Europe, then the balance of power in Europe would lean more towards the East, which means a drawback to American foreign policy. It was under such circumstances that the NATO was born, in anxiety and fear, although it cannot be denied that both sides of the Atlantic had its own motives behind the union. What was to follow was a period of conflict and cooperation between the two on issues concerning them as well as on issues related to the world, for nearly 50 years. But it cannot be denied that whatever type of relationship the two sides of the Atlantic have shared, the NATO has been accepted as the most successful Regional organization of the 20th century. And it still continues to play an important role in European as well as global politics.

Clearly, the EU's looming triple agenda of expansion, constitutional and

[20] Grant T Hammond, "America and Regional Conflict in the Cold War", in Igor Kvelev, Victor Kremenyuk and Vagan Gevorgian (ed.), *Global Security Beyond the Millenium: American and Russian* perspective (London: Macmillan Press Ltd., 1999), pp. 169-185

administrative reform, and monetary integration-coupled with the deepening structural difficulties of members, the growing evidence of discontent with the European project in key states such as France and Germany, and the growing regionalist challenge to the nation-state-is a lot to chew on, particularly when one examines the links among the three parts of the agenda. Expansion will intensify for growing pressure for reform of the common agricultural policy and of structural programmes for subsidizing poorer regions of the Union. This may aggravate incipient social conflict within the existing Union.[21]

All of these factors suggest that Europe may be turning, and is likely to continue to turn, in upon itself as it addresses these issues. The evidence for retrenchment is present but ambiguous. What evidence there is of European withdrawal suggests not so much isolationism as a focusing of activity on the European region, defined reasonably broadly. This reflects the emergence of new problems in Europe's immediate vicinity, the increasingly ambitious agenda of regional integration, the maturing of serious structural difficulties within the European Union, and a degree of Disillusion with many traditional aspects of liberal internationalism.[22]

The issue of European Engagement and withdrawal is closely elated to similar processes affecting the United States. Critics are of th view US hegemony a familiar pretext for the smaller EU members to leave international affairs to Washington, for Germany to go on playing a minor rule in non-economic international affairs, and for Britain and France to pursue the usual mix of defacto reliance of the US ... and unilateral action. Th point may be overstated. But if one

[21] Neil MacFarlane, "The Regionalization of European Foreign and Security Policies", *International Journal*, Vol. LIV, No. 1, Winter 1998-1999. pp. 28-32
[22] ibid., p. 32

accepts, for example, that the 'Europeans' were largely incapable of generating a critical response through the Bosnian crisis until the United States came on board.[23]

There was no doubt that European Unity occupied the minds of American planners since the winter of 1948. More to the point was the creation of an European Union in the form of a traditional alliance system that would demand military and political as well as well as economic obligations from America. But a "United States of Europe" that subsumed traditional sovereign ties under a new and higher sovereignty disturbed the Americans. On the other side of the Atlantic too, there was growing resentment of American involvement in European affairs.[24]

In the early 1990s West European states shared the more general post-cold war optimism of the potential of multilateral institutions to produce security, to build peace. They were prominent participants in the coalition led by the United States in the Gulf War in 1990-91, and Britain and France in particular made significant contributions to the coalition military effort. They were joint to varying degrees by numerous smaller NATO and central European states. Subsequently, the Europeans played major roles in peace-related operations in Somalia and in Bosnia. The Bosnian and Somali experiences proved to be profoundly disillusioning for major European contributors, for the usual well known reasons (inadequate mandates, inadequate resources to fulfill existing mandates, the tension between chapter 6 and chapter 7 activities under the United Nations Charter, the

[23] Neil MacFarlane, n. 22, p. 35
[24] Lawrence S Kaplan, *The United States and NATO* (USA: The University of Kentucky, 1984), pp. 55-58

difficulties of sustaining impartiality in active civil conflicts. Rwanda had an even more negative effect.[25]

This suggests that strong reasons remain for retaining American Engagement in Europe, a conclusion further strengthened by the security burdens imposed on Western Europe by change in he former communist states. For better or for worse the Bosnian experience suggest that Europe in its current institutional configurations (the EU, the WEU, and the OSCE) is not capable of dealing on its own with substantial conflicts on its immediate periphery. Nor does the evolution (or lack there-of) of the European Security and Defense Identity (ESDI) suggest that this will change much in the foreseeable future. The result, not surprisingly is a strong continuing commitment to NATO and top American involvement in European security, and a recognition- albeit occasionally grudging - of the necessity of American leadership in dealing with substantial security crisis. It is striking in contrast how little practical effect all the discussion of Combined Joint Task Forces (CJTFs) has had, despite the implications of waiting for the United States to get its act together in the former Yugoslavia. European and Transatlantic defence cooperation do not appear to be alternatives as some originally thought. Instead, each maybe a necessary condition for the other.[26]

There is, however, some danger in excessive reliance on the United States. As already, noted, it can be used as an excuse by the European allies gradually to reduce defence expenditure. Downsizing European military establishments and deferring or canceling weapons programme ha substantially reduced Europe's capacity to contribute to out-of area operations. For example, the Gulf War demonstrated that France lacked the lift capacity to deploy and sustain large units

[25] Neil S Macfarlane, n 22, p. 36
[26] ibid., p. 39

of its forces at distance from home. Despite the continued commitment to NATO at the level of declaratory policy, trends in defence procurement (or non-procurement) have the effect of making Europe less capable of playing a military role in world affairs.

- Moreover, there appears to be growing disagreement between the Americans and the European allies with regard to future missions, and in particular the role of the alliance as a means of responding to global threats of American interest. NATO appears to be reasonably strong, as does the European commitment to the transatlantic relationship with the United States. The enlargement process may well stenghthen the transatlantic alliance further by bringing in new members strongly committed to the transatlantic link.

In 1945, Europe faced a twin problem. One was the threat of Soviet power. The second problem was Germany. A war devastated Europe looked upon America to lead the way in containing these two problems. Hence, when NATO was born, its function was twofold: explicitly, it was to contain Soviet power; implicitly, it was to constrain German power. Today, both this problems are done away with. A New World order has emerged with the collapse of the Soviet Union. Then what should be the parameters of a future European security system? Since the end of the cold war, the balance of influence between the two transatlantic partners has shifted.

Given the new definition of security, which focuses increasingly on achieving a balance of prosperity, democracy at national level, political equality of ethnic minorities and preventive diplomacy, less importance is attached, in relative terms, to nuclear deterrence. As a result the balance of influence between the transatlantic partners is becoming more evenly distributed. The Europeans' clear

and fundamental interest in maintaining a security partnership with the US has not changed: the US continues to be an indispensable partner for European security. In particular, the US's leadership role is still necessary in resolving European crisis, as Bosnia has shown. The Europeans will continue to be reliant on the US for resources and logistics, communications and reconnaissance in the long term.[27]

With the disappearance of the blocs, however, the US's security policy interest in Europe has changed. Its basic geopolitical interest in maintaining stability on the other side of the Atlantic-Europe is its most important trading partner outside the North American continent-will continue in the long term. However, as there appears to be no immediate threat to this stability, the US is able to reduce its commitment from post-war levels and focus on more targeted interests.in order to ease the burden on the US and thus further safeguard its continued presence in Europe, but also to reflect the Europeans' increasing influence in light of growing moves towards a common foreign and security policy, the Europeans must take on a greater share of responsibility within the Alliance. However, in order to safeguard the balance of influence within the Alliance, they must push forward the implementation of the European Security and Defense Identity (ESDI) and the Combined Joint Task Force (CJTF) concept just as rapidly as the further development of a common foreign and security policy.

The most important challenge facing the Alliance is the reshaping of Europe's system of security policy and the opening of NATO to the East. The fundamental issue of NATO enlargement has been settled for sometime. The first phase of this process was completed at the Madrid Summit, when accession invitations were extended to the Czech Republic, Hungary and Poland. Now the

[27] Klaus Franke, "Rebalancing Transatlantic Relations", *NATO Review* 45, 1997, pp. 17-20

question of what prospects must be offered to those countries, which do not become members of NATO, must be addressed jointly for the future of the European continent.[28]

Of course, there are also areas of policy where basic agreement is lacking even today too. There are different views about the extent to which foreign trade interests can be linked to political demands. These differences are further exacerbated by competition between the respective major companies in the global market. Hence, trade conflicts of this kind must be dealt with through the appropriate multilateral framework and be subject, if necessary, to arbitration by the World Trade Organisation (WTO). In today's post-ideological era, greater realism and pragmatism characterize Euro-Atlantic relations. On both sides of the Atlantic, new political elites are emerging who are devising clear cost-benefit calculations. Yet, even on this basis, the advantages of close Euro-Atlantic cooperation are self-evident. However, greater efforts are needed to recognize this advantages and work through their implications when issues are being considered and decided on case-by-case basis. This effort must be made if freedom and peace are to be promoted in Europe and in other regions of the world too.[29]

Efforts must also be made to embrace the countries of Eastern Europe, and even if Soviet forces are removed from Eastern Europe, an American military presence will still b e needed for several reasons. First, for the foreseeable future the Soviet Union will continue to be the single largest military power on the European landmass American forces are still needed to balance Soviet power. Second, a US military presence will reassure America's European allies during a transition period of potential instability. And moreover, most of the Europeans

[28] Klaus Franke, n. 28, p. 19
[29] ibid., p. 20

have made it known that they want the Americans to stay. Third, US presence can also provide the stability the Eastern European nations need as they attempt to become part of an undivided democratic Europe. If we look at history too, twice in the century, the world had been threatened by a catastrophe. Twice this catastrophe was born in Europe, and twice the Americans were called upon to save Europe. After World War II, the Americans not only decided to remain engaged in Europe, but helped develop and consolidate international institutions and initiatives-such as NATO and the Marshall Plan-that provided the framework for the stability and freedom that Western Europe enjoys since that time.[30]

[30] Paul Wolfowitz, "Our Goals for a Future Europe", in Richard N Perle (ed.), *Reshaping Western Security* (Washington DC: American Enterprise Institute Press, 1991), pp. 147-156

"We find in one another the reasons for mistakes that, were we alone, we probably would not commit". Winston Churchill.

CHAPTER 2

The Transatlantic Alliance at the End of the Cold War

NATO's strategy in Europe has passed through two phases. During the first phase, which lasted, from the signing of the North Atlantic Treaty until the 1960's, it emphasized the military confrontation with the Soviet Union. Here, NATO countries duly assigned top priority to creating an effective collective deterrent and defense while maintaining alliance cohesion.[1] During the second phase, NATO grand strategy increasingly included an element of cooperation with the Soviet Union as the alliance sought to ameliorate the underlying causes of East – West conflict, although deterrence was not neglected. Thus, greater emphasis was based on political means.[2]

The fear of the Soviet Union was hence undoubtedly the single most important factor behind the European invitations issued to the United States. The regeneration of the NATO – Russia link does, of course, remain a publicly stated priority of the alliance.[3] But at least since the 1960s, with that fear reduced, the

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[1] John S Duffield, *Power Rules, the evolution of NATO's conventional force posture* (USA: Stanford University Press, 1995) pp, 263-275

2 ibid., p. 266

3 George Robertson, "NATO in the New Millenium", *NATO Review,* 47: 4, 1999, p. 6

invitations became rather ambiguous. The Europeans still wanted a strong American presence, but they wanted fewer strings attached to that presence and also a much larger European influence than in the early years of the Atlantic alliance. Now, with the fear of attack from the East virtually gone, even United Germany's new role will not be sufficient to prevent a further weakening of the invitations.

Most likely, the passing of the Cold War, America's problems, and new attitudes in Western Europe in general, and in Germany in particular, will come to have a dramatic consequence for the US role in Europe. The need for America's deterrence will decline and the American troop commitment will be cut at least in half, a two-thirds reduction is also most likely. These changes are bound to reduce America's influence in Europe and thereby push America's decline further along.[4]

In relations with Western Europe, the United States in the 1940s and 1950s not only gave substantial economic aid but also pushed for economic and political integration in Western Europe. In a way, this was a policy of decline by design, a strange position indeed for an imperial power and one to be understood primarily in light of the overriding common purpose, the containment of the erstwhile Soviet Union. Now the United States is clearly worried about the effects that the European Community's Single Market will have on American interests. Economic considerations will no longer have to be subordinated to those of foreign policy.[5]

It is thus becoming increasingly clear that the assumption that traditionally undergirded America's pro-integrationist stance vis-à-vis Western Europe, that two

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[4] Geir Lundestad, "The End of the Cold War, the New Role for Europe, and the Decline of the Unite States" in Michael J Hogan (ed.), *The End of the Cold War, its meaning and implications* (New York: Cambridge University Press, 1992), pp. 197-205

[5] ibid., p.204

continents had the most basic interests in common – is no longer self-evident. Now Washington is increasingly worried that the European defence pillar it promoted for more than four decades is actually about to be realized through the European Community and the Western European Union. The worry is whether it will be a new integrated and cooperative Europe dominated by the European Community, or whether it will be the old fragmented and fading Europe that resulted in two World Wars.[6] Then warnings against alliances within the NATO alliance are heard. There is to be no more declines by design. To establish a more balanced relationship will undoubtedly be difficult for the Europeans, but probably even more so for the Americans. The United States had never really had a balanced relationship with Europe. Before the Second World War, isolationism meant military-political isolation primarily toward Europe. And with the end of the Cold War, the US influence of the US as a superpower will recede.[7]

After the war the United States was so strong and the Europeans invitations so unambiguous that there was little danger of America's interests being compromised and its values corrupted. Instead, the United States was free to spread its influence over Western Europe. Now, for the first time, there will have to be much more give and take on both sides. To a large extent, America's role depends on the attitudes found inside the United States. With the Cold War over, many felt that public interest in foreign affairs would to diminish and interest in domestic matters to increase.[8]

[6] John Lewis Gaddis, "Towards the post-Cold War World", *Foreign Affairs,* Issue 70, Spring 1991, pp. 102-22

[7] ibid., pp. 102-122

[8] Geir Lundestad, n. 4, p. 199

Supplementing these more or less traditional state dimensions, there is the world's rapidly growing interdependence, which affects all states, but which may well be more difficult to cope with politically and emotionally for a traditionally self-sufficient country such as the United States than for the already more interdependent countries of Western Europe. Nevertheless, with no strategic intelligence gathering assets of their own, the European members of NATO remains heavily reliant on the US for information relevant to their security.[9]

Things have dramatically changed in Europe since the end of the Cold War. The disintegration of the Soviet Union as well as that of East Europe has led to the rise of many new nation-states. And along with those, ethnic conflicts and the need to re-structure the economy of East Europe has become a major problem in Europe. This leads to the issue of European Unity, for only a United Europe can countervail potential problems. On an economic level, hopes for European unity have been high because of the transition to a single European Market in 1993. Recent talks on monetary union made progress, although there is still evidence of British reservations that could spell trouble in the future. Talks between the EC and Japan also provide evidence of differences between the British, who see the post-1992 European Community as a genuinely open market, and the French, who prefer a more regulated economy.[10]

On a political level, the community has even greater problems. During the Gulf crisis, despite its GNP, the size of its population, and its military forces, the EC proved unable to reach a common decision on overseas intervention. Things

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[9] Paul B Stares, *Cooperative security in New Europe* (Washington D.C: Brookings Institution, 1992), p. 237

[10] Denise Artuad, "End of Cold War: A skeptical view", in Michael J Hogan (ed.), *The End of the Cold War* (New York: Cambridge University Press, 1992), pp. 185-193

could not have been otherwise, because the EC has no truly democratic and efficient institutions. In most cases, the Council of Ministers must make its decisions by unanimous vote. The Brussels bureaucracy is largely an irresponsible technocracy. The Strasbourg Parliament, which has no real links to constituents, is more concerned with ideology than with solving practical problems and more prone to increase the community expenses without much concern for the taxpayers.[11]

In the future such a patchwork could provide Russia and some of the other republics of the old Soviet Union with a means of exerting greater influence in Europe than might be expected. And so far as these republics are concerned, it cannot be predicted whether they will be democratic, Fascist, or Communist ten or twenty years from now. At the same time, there are those in Eastern and Central Europe, as well as in the Socialist countries of Western Europe, who still prefer the welfare state to the risks and responsibilities of a free society, even if that entails stagnation their standards of living.[12]

There is a possibility however remote today; that the Russians and the Europeans might come to an understanding on this basis, at least so far as certain issues is concerned. This eventuality could be reinforced by centuries of historical links and by the fact that the former Soviet Union, whatever its regime (except in the extreme case of a civil war), will always enjoy the status of a major power because of its size, population, economic potential, and armaments.[13]

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[11] ibid., p. 189

[12] ibid., p.192

[13] Denise Artuad, n.10, p.192

Cooperative Security in the New Europe

The organizational framework of a functionally integrated Europe and inclusive cooperative security regime has begun in Europe. As a result of the November 1990 Paris

Charter and the July 1992 Helsinki Summit, the Conference on Security and Cooperation in Europe (CSCE) has been institutionalized and strengthened. At the same time, a separate but overlapping but institutional arrangement is taking shape under NATO sponsorship. Former members of the Warsaw Treaty Organization (WTO), including the successor states of the former Soviet Union, have joined with NATO members to form the North Atlantic Cooperation Council NACC).[14]

In parallel with these developments, the European Community has also taken significant steps to extend its competence into the security and defense sphere. As agreed at the EC's 1991 Maastricht summit, the Western European Union (WEU) has been designated as the institutional vehicle to develop a European security and defense identity in areas complementary to NATO. These plans represent a further strengthening of the "European pillar" of the Western alliance, although over the long term the WEU's membership is likely to be enlarged as new states join the EC. This may again create a source of friction within NATO.[15]

When it comes to either maintaining the present arrangements or reducing the US leadership role in NATO and increasing the West European role, opinions differed a lot from country to country. In Great Britain and Italy, keeping present arrangements was by far the most preferred option. In France, there was public

[14] Paul B Stares, n. 7, p. 239

[15] ibid., p. 239

support to strengthen the European pillar. And in Germany, opinions were split. Since the NATO Summit Conference in Rome (November 1991), the Heads of State and Government have repeatedly stated that only the co-operative and mutually re-enforcing approach of relevant multilateral security institutions can effectively cope with conflicts and crisis in Europe. It is easier said than done. The Europeans were for many reasons unable to work out a common strategy, first vis-a-vis the developments in the former Yugoslavia and even more so, the conflicts on the former Soviet territory.

The main institutions – NATO, the Organisation for Security and Cooperation in Europe (OSCE), the European Union (EU), the West European Union (WEU) and the Council of Europe – differed substantially. Not only do they have different memberships, but primarily they also have quite different scopes of responsibility and legitimization in carrying out the mandates entrusted to them by States. The OSCE as well as the UN can be described as omnilateral organizations; all states in the global or regional scale do or can belong to them. NATO, the EU/WEU and the Council of Europe are different, having a multilateral character and, and membership of the new states is determined by the members of those organizations. In November 1995, Jacques Santes, President of the European Commission, described WEU as central to a dialectic whose nature has changed radically in the last three years.[16]

Another differentiation among the European structure stems from their tasks and functions: collective defense (NATO, WEU) versus collective security (UN, OSCE). NATO is an operational structure, which can be called a collective defense. The WEU could also formally fall into the same category, but because of

[16] J. Santes, "The European Union's Security and Defense Policy", *NATO Review,* 43: 6, November 1995, p. 4

its very limited means its capabilities to deal with major challenges and threats are still rather small. Defense organizations and alliances are called into being in response to specific threats. This is not the case with institutions like the OSCE. The latter has no full-fledged, build-up structures; and in the period of transition this can be seen as an advantage, since it enables the institution to adapt to new needs of requirements. And of all the existing security organizations, NATO and the OSCE, only NATO can play an effective role in stabilizing Europe under current conditions.[17]

Measures such as merging the WEU with the EU or adopting qualified majority voting for foreign policy seem to be far off. All the discrepancies notwithstanding, all these institutions should be seen as constituting parts of a cooperative security system taking place in Europe. Hence, the US must be aware that an economically and politically unified Europe would seek a different relationship with the US. The US moreover, has not been blind to the need to minimize disagreement within the alliance at a sensitive time in the Euro – Atlantic relationship.[18]

The US must also recognize that it would no longer be able to count on Europe as an ally in all its relations with third countries would. It was safe to assume such support when conflict with the Soviet Union dominated international relations, and Europe's interest in containing the Soviet Union coincided with America's. But the global configuration of relations is now more complex. And the Europeans, guided by a combination of economic self-interest, historical traditions

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[17] Hermann-Josef Rupierper, After the Cold War: The United States, Germany and European Security, in Michael J Hogan (ed.), *The End of the Cold War,* (Cambridge University Press 1992), P.183

[18] David Bulhan, "NATO: US reassures allies on defense plan", *Financial Times,* 16 December, 1999

and national pride, may seek alliances and pursue policies that are contrary to the interests of the US. More over, within the next two decades the EU is likely to have twenty-five member States as more Nations from the former Communist ruled East and Central European countries opt for a free market economy and multi-party democracy.[19]

With the arrival of George W Bush (jr.) to the White House US politics have turn to a new leaf. The new American President favours a different kind of approach in terms of foreign relations. President Bush is more than willing to withdraw American interest in European affairs. And since majority of public opinion in the US disagrees with the idea of sending American troops overseas, the new President appears keen on the idea to stop meddling with foreign affairs and to concentrate more at home.

President Bush has expressed his interest to develop the National Missile Defense (NMD), which means the capability to detect an offensive missile launch, track the missile in flight and intercept and destroyed the in coming missile or war head(s).[20]

This is seen as a matter of concern to the US allies in NATO, which sees their leader withdrawing into a fortress and delinking its security from that of the allies. Erecting Theatre Missile Defense (TMD) systems for specific regions such as Northeast Asia or Western Europe only accentuates this delinking of the existing conjoint security system. President Bush's unilateral decision to "move beyond the constraints of the 30-year old ABM Treaty" also incorporates a

[19] The Hindu, June 1,2001

[20] P R Chari, Posers on the NMD, The Hindu, June 6, 2001

dangerous precedent. Other nations could also walk out of arms control agreements they find irksome for strategic or domestic considerations.

Although the New Administration has stated that there is to be no fear on this issue, the EU has already expressed its strong reservations against it. This has already added more anxiety and confusion on the minds of many Europeans, who are of the opinion that there is no need to depend on the Americans now that the Cold War is already over.

The changing feature of European politics with the rise of many new states from the Eastern Bloc has re-enforced the need to review the transatlantic relationship. And with public opinions on both sides of the Atlantic differing on the need to maintain the relationship, it is just a matter of time before the differences between the two becomes more accentuated in the aftermath of the post-Cold War era.

Participation in Peace-Keeping operations

By far the most significant trend has been the demise of the bipolar age of superpower competition known to most as the Cold War, but to few as the long peace. For those who doubt the Alliance's long term viability, the end of the Cold War and the disappearance of the Soviet Union provide the necessary and sufficient basis for answering in the affirmative the question: must NATO fail?[21]

But the Soviet collapse, far from sounding the death knell of the Alliance, can actually be good for NATO because system change triggers the phenomenon known as 'bandwagoning' in which states spurred by the perception of opportunity align themselves with the state or coalition of states held to be in the ascendant. In

[21] David G Haglund, "Must NATO Fail? Theories, Myths and policies dilemmas", *International Journals*, Canadian Institute of International affairs, Autumn 1995, pp.655-666

this version, the current enthusiasms for NATO on the part of former adversaries in the Warsaw Treaty Organization has less to do with their fear of Russian aggression and more with their desire to be included within the institutional embrace of the winning West.[22]

The Russians, on their part argue that NATO was created as a Cold War alliance aimed against the Soviet Union and its Warsaw Pact satellite, and that it has out lived its time. According to the Russian President, Vladimir Putin, 'there is no more Warsaw Pact, no more Soviet Union, but NATO continues to exist and develop.[23]

NATO may have weathered its November 1994 crisis over Bosnia, and things may yet go very badly for the Alliance in the Balkans, either because it participates in a rescue mission of United Nations troops that misfires with great loss of life both of the United Nations and of NATO personnel, or because its active intervention increasingly places it at odds with a Serbian community that Russia decides cannot be abandoned. In the absence of either outcome however, it is likely that NATO can live with any damage to its 'credibility' that must attend its general inability to resolve the fighting in the former Yugoslavia.[24]

Moreover, the US administrations November 1994 announcement that it would no longer help to enforce the UN arms embargo on the Bosnian government, was seen as the latest straw, breaking the back of alliance unity.[25]

In reality, Bosnia did show some discord among the Western allies, but not on a 'transatlantic' basis, save in the sense that some European countries were

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[22] ibid., p.661

[23] The Hindu, July 18, 2001

[24] David G Haglund, n.21, p.666

[25] S. Sloan, "US Perspectives on NATO's Future", *International Affairs*, 71: 2, April 1995, p. 229

displeased with the actions of one North American ally. The other North American ally' Canada, happened to side in November 1994 with the British and the French on the question of United States non-enforcement of the Bosnia arms embargo, just as it had consistently supported British and French reluctance to approve air strikes or other energetic measures that might indicate a United Nations abandonment of impartiality in the Bosnian conflict, and in doing so imperil those United Nations forces attempting to provide humanitarian assistance on the ground[26].

This is not to claim a unity of purpose among Canada, Britain and France; rather it highlights how meaningless it is to conceive of divergences over Bosnia in 'transatlantic' terms. There is another, perhaps more important, reason to resist the view that Bosnia has rent the Alliance along transoceanic lines. From the onset of the Yugoslav crisis, the EC though aspiring diplomatic leadership, found itself divided. Germany and Italy sympathized with Croatia and Slovenia. England and France were with Serbia. Greece was the strongest partisan within EC of the Serbian cause. And according to the US, in Clinton's words, "I don't want to have to spend anymore time on that, than is absolutely necessary".[27]

Germany, arguably the most important West European country today, was largely silent during the November crisis. First, as a conspicuous absentee from the United Nations forces in the former Yugoslavia, Germany was hardly in a position to exercise any authoritative leadership role, whether in praising or condemning certain of its allies. Secondly, many Germans are aware that one current of Western opinion holds Bonn responsible for having touched off the carnage in the former Yugoslavia by pushing for early recognition of Slovenia and Croatia at the

[26] David G Haglund, n.21, p.666

[27] Joshua Muravchik, *The Imperative of American Leadership: A Challenge to Neo-Isolationism* (Washington D C. The AEI Press, 1998), pp, 123-125

end of 1991 when neither the European Community nor the Bush administration has accepted as inevitable the breakup of Yugoslavia. Finally, the German position is, with some nuances, closer to the American than to the British, French and Canadian position.

If NATO's credibility is not on the line in Bosnia, and if the danger of a transatlantic rupture has been exaggerated, it does not follow that the Alliance's Balkans dilemma is no dilemma at all. Bosnia symbolizes the kind of post-Cold War security puzzle that can be expected to become more common. What makes Bosnia so important for the Alliance is its suggestion that, on matters held by European allies to be critical, the United States might choose to limit its participation, mainly because it has decided that none of its 'vital' interests is at stake.

During the Cold War, when the United States and its allies differed on the relative assessment of its interest, it was usually problems in the Third World (for example, Suez, Vietnam, Central America), not Europe. Admittedly, West Europeans practically invited Washington's absence from the Yugoslav drama in its early days, and by extension from the security affairs in Europe. Ultimately, Bosnia poses the problem of how NATO can or should act if the United States is not prepared to exercise leadership. For so long, the Europeans could accept that on the great issues of the day in Europe, the United States would lead. This is no longer the case, but it need not follow that the challenge this presents is insurmountable.

For some years there has been talks on both sides of the Atlantic of a new strategic 'bargain' that both reflected and enshrined a re-equilibrium of burdens and risks among the allies. Although the vision of a 'European pillar' of NATO is

at least three decades old, it is only since the NATO Summit in Brussels in January 1994 that unequivocal blessing has been bestowed upon the concept by the member states, especially the United States. Supposedly, the Combined Joint Task Force (CJTF) idea is NATO's dream, permitting the European allies to avail themselves of NATO assets, even in that European crisis from which Washington chooses to abstain. To date, progress on CJTF has been slow or non-existent. As of now, the countries of Europe clearly feel the most secure now that the threat of a massive attack by the Warsaw Treaty Organization (WTO) has vanished.[28]

The Yugoslav crisis demonstrates not that America and Europe must go their separate ways; rather it illustrates what might occur if a common assessment of threat is impossible. Washington was unwilling to deploy ground forces save to rescue UNPROFOR in Bosnia not because it decided it lacked either the humanitarian or world order interests to propel it to deploy it ground forces, but it had apparently not figured out what the salience of its European interests should be in the post-Cold War era. What has been said of the United States can also be said of Canada, notwithstanding its ground forces in Yugoslavia; in both countries a reassessment has been underway of the degree to which grand strategy could or should continue to be Eurocentric.[29]

The Alliance's other dilemma with an eastern provenance is even greater. If anything holds the potential for sundering their bonds, it is the prospect of allies falling out over the consequences of NATO's expansion into countries once part of the Warsaw Treaty Organisation. More important is the argument that NATO's expansion Eastward would reaffirm an American interest in Europe and reassure

[28] John J Mearsheimer, "Back to the Future: Instability in Europe after the Cold War", *International Security,* Vol. 15, Summer 1990, p. 5-20

[29] Jeffrey T Bergner, *The New Superpower* (New York: St. Martin's Press, 1991), pp. 200-205

the allies that Europe continues to be a major element in United States grand strategy. In other words, expansion could be a means of reassuring key allies, Germany above all, that the United States wishes to remain involved in a broader European security arrangement than that which anchored European policy during the Cold War. [30]

The most important reason for American interest in Europe even in the post-Cold War era is the fear of a Russian influence towards pan-Europeanist. Already, Russia is showing keen interest to join the group of European security that is aiming for a United States of Europe. However, ultimately, NATO's future health will require a delicate shift of Alliance burdens to the Europeans without a concurrent American retrenchment, whether out of pique or out of a conviction that the Europeans can look after European security entirely on its own. Moreover, the Bosnian crisis has once again emphasized that no organizations of sovereign states can function anymore effectively than the consensus among its member permits.[31]

And it is inconceivable how a successful European security system could exist without the United States. Twice in the twentieth century Germany has misjudged the level and the intensity of American interest in Europe. It is hence incumbent upon the United States to leave not a scintilla of doubt about that interest and that commitment now and for the future. The Europe of today is nowhere near achieving an outcome that is satisfactory to ensure the maintenance of peace and prosperity. But, the way in which the EU conducts its affairs with the rest of the world is distinctive and unusual. And there are two legally distinct means by which the EU maintains external relations.[32]

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[30] ibid.,

[31] Stanley R Sloan, n.25, p. 229

[32] D M Harrison, *The Organization of Europe* (London: Routledge, 1995), pp.151-153

The first is the economic sphere, and arises from the fact that certain economic powers have been transferred under the treaties from member states to a European institution. The second is on the political sphere. And here, the member states themselves combine to pool their national foreign policy objectives and instruments with the aim of maximizing their collective influence on the world outside. The first has been realized through the European Single Market (ESM) and the second through the Maastricht Treaty, through the Common Foreign and Security Policy (CFSP).[33]

The Conference on Security and Co-operation in Europe (CSCE), now the Organization for Cooperation and Security in Europe (OSCE) is the only current entity that has the necessary major powers to succeed over the long term. As a body of thirty-five nations, it is burdened by too large a membership to make rapid progress. But some entity will be required, and whether it is the CSCE or another smaller group that grows out of the North Atlantic partners of the seven leading industrial nations (G-7) is less important than that it come into existence quickly as the one body to which each nation looks for its part in the whole. It is even more important that security arrangements be addressed. But this kind of organization has always tried to shape the debate along lines more favourable to themselves.[34]

The economic cohesion of the last three decades developed within the security framework of containment and that framework cannot be removed without serious impact on cohesion of every front. Specifically, it is vital that the United States keep a significantly military presence in Europe until a successor to NATO

[33] ibid., p.152

[34] North Atlantic Council Communique, "Stability and Security in the Euro – Atlantic area", *NATO Review* 40: 3, June 1992, p. 30

and the structures of the Cold War are fully in place. But preoccupations with institutions could be an unhealthy obsession, especially in this Cold War era.[35]

Complaints about the imbalance of burden-sharing within NATO and thoughts about a reduction of US troops stationed in Western Europe, however persist on the American side, while Western European doubts the readiness of its major ally to risk nuclear annihilation in defending its allies and Western European territory similarly persist. But even so, the Alliance in the 1980's withstood such disputes and tensions. It even may be passing to a new stage of more equality among its members, as well as the sharing of responsibilities in the task of collectively ensuring security and military stability in Western Europe.[36]

With regard to other political and economic matters, NATO has also experienced disputes and minor conflicts among its members. But first and foremost, NATO was, in the beginning only a defense treaty against aggression from Eastern Europe. It does not obligate its members to support each other in any conflict outside the NATO area. And now that the Cold War is over, it is argued that the 'regionalization' of defense and security in post-Cold War Europe must be prevented and that membership of alliances can halt the slide in this direction.[37]

Fortunately for the Alliance, these minor conflicts have so far been successfully contained and prevented from escalating into serious wars; and the Alliance has withstood major cleavages over issues and crisis arising among its members or in the general international arena.

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[35] P. Zelikow, "The masque of Institutions", *Survival,* 38: 1, Spring 1996, p. 7

[36] Karl W Deutch, *Analysis of International Relations* (Third Edition), (New Delhi: Prentice-Hall of India Pvt. Ltd, 1989), pp. 246-258

[37] The alliance's strategic concept, (Brussela: NATO, November, 1991), para. 38: ' the collective nature of alliance defense is embodied in practical arrangements that enable the allies to enjoy the crucial political, military and resource advantages of collective defense, and prevent the re-nationalization of defense policies, without depriving the Allies of their sovereignty

Eventually, if NATO were not to decline, something more would be needed from the United States, as well as from the other members. But if the United States seemed too large, too self-preoccupied and too different from its Atlantic partners to merge its identity at any early date in any kind of Atlantic Union, were not the countries of western Europe smaller and in greater need of union? And the Europeans were potentially more like-minded about what kind of integration they wanted, and how it was to be achieved. But none of the partners can do away with the transatlantic alliance. As Omur Ohun of the Turkish Foreign Ministry said, "from a Turkish perspective, preservation of NATO is of vital importance".[38] This implies that other European non – NATO members also realise the importance of the transatlantic link.

The years 1946 to 1949 saw the basic idea of unifying Europe, which were to influence European politics for the next few decades. To Sir Winston Churchill, the then Prime Minister of Britain, the nature of a 'sovereign remedy' was to build a kind of United States of Europe. Sir Winston's deceptively simple rhetoric was likely to appeal to four groups of experiences and aspirations, which were widespread in the Europe of 1946.[39]

The first was security. The nations had failed to protect their peoples from the ravages of World War II, and a united Europe, it was hoped would do better, and would also protect them from the apparent threat of communist expansion.

The second was prosperity. Europe's national economies were damaged and impoverished by the war; and they had also proved very vulnerable to the

[38] Peter Finn, "Six in NATO over EU corps plan", *Washington Post,* April, 2001, A16

[39] Karl W Deutsch, n.36, p.250

Great Depression of the 1930s a united Europe, it was thought would be economically more stable and more prosperous.

The third issue was liberty and mobility. And the fourth was power. The nation states of Europe had visibly lost much of their power.[40]

So it was hoped that a United Europe might restore to its people jointly much of its power, and perhaps some of the possessions, which they had separately lost. Although these four considerations-security, prosperity, mobility and power-appealed strongly to some and mildly to many throughout Western Europe, they never became an urgent concern of the mass of the people, or even of a bare majority, in any country. Also, in an attempt to compensate for the setbacks to European military and political unification, important efforts were launched for promoting European unity in economic matters. Therefore, for the first time in history, war within Western Europe was looked upon by its governments and peoples as illegitimate and improbable, and as not worth preparing for in any major way.[41]

The United States has also shown some interest in the concept of a European defense entity-partly from a desire for greater burden-sharing and partly because of fears that NATO as presently constituted, is "structurally disarming" itself, i.e., that allied nations, because of the increased cost of every replacement program, are procuring reduced numbers of each new weapons system. Some experts proposed to avoid structural disarmament by building a two-pillar NATO arsenal, based upon cooperation between an increasingly integrated European defense production effort after 1992 and a corresponding effort in the United

[40] ibid., pp.250-251

[41] ibid., p.251

States. Some see the concept of a European defense entity as a logical extension of the general movement toward European unity.[42]

In the United Kingdom however there is vocal and substantial opposition, where the European Union is seen as 'a free market and little else'.[43] Hence, a decisive factor will be the US role in Europe. So long as five US divisions remains in Germany, most Germans will not want to jeopardize their presence by moving toward a European defense entity. Only if a significant US withdrawal seems likely might they consider the radical change in NATO that might be needed to create a European defense entity.

The year between the destruction of the Berlin Wall in November 1989 and the European conference in Paris in November 1990 saw the removal of the most important concrete manifestation of the Cold War- the division of Germany and Europe.[44]

The division of Europe had symbolized the global battle between the two ideological and geopolitical camps in the years immediately after World War II. When that division came to a conclusion, the consequences for the international balance of power were so substantial that even the most hardened Cold Warriors in the West were forced to acknowledge that the Cold War had ended-even before the collapse of Communist rule in the Soviet Union or of the Soviet Union itself.[45]

The Cold War was an important episode, but with roots in earlier history and with ramifications that continue to influence the post-Cold War world.

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[42] Henry Owen and Edward C Meyer," Central European Security", *Foreign Affairs*, Summer, 1989, Vol. 68, No.3, pp.23-40

[43] Margaret Thatcher, quoted by Henry Owen and Edward C Meyer in "Central European Security", Foreign Affairs, Summer 1989 Vol. 68, No.3, p.25

[44] Raymond L Garthoff, "Why did the Cold War arise and why did it end", in Michael J Hogan's (ed.), *The End of the Cold War* (New York: Cambridge University Press, 1992), pp.128-136

[45] ibid., p.134

Emerging features of the New World illuminate not only the new agenda of world politics but also the Cold War. Now what is seen is a return to multipolarity in a system of great and lesser powers.

Related to this development are a shift to wider security concerns and therefore a shift in the elements of world power. Military power has lost its importance and, in the most ominous sense, ultimate influence. But military force as a means of registering and influencing power has declined while other factors-above all, economic ones-have become more important.

One consequence is an increase in the relative weight of Japan and the European Community (especially with a unified Germany) and a decrease in the relative weight of the United States and the former Soviet Union. Above all, there will be a return to the more traditional pattern of shifting blends of cooperation and competition among all nations, including former Cold War allies as well as former adversaries. In short, the world will resume a pattern of political relationships free of bipolar superpower and coalition rivalry. This would mean that a change in the transatlantic relationship would also take a new turn.[46]

The United States is more concerned of promoting its interest at home, rather than waste its energy and efforts in Europe. Again, it is reluctant to let go of Europe, because of the fear of a powerful and united Germany now, as well as the interest shown by Russia to join the European coalition for a United Europe. The Europeans, except for Britain, are anxious for the United States to leave European matters in their own hands. Countries like France and Germany are irritated by the manner in which the US is spearheading the NATO. With the birth of the Euro, it was thought that things might after all looks brighter for Europe vis-à-vis the

[46] ibid., p.134

Dollar. But with Euro having fallen 30 percent on the Dollar, things do not look any brighter. Therefore, though the relationship between the two is constantly bogged with tensions and conflicts, It is yet to be seen whether both sides are willing to take the gamble to leave each side alone.

NATO and the Transformation of European Security

NATO seems to be the pre-eminent security organization for twenty-first century Europe. It is moving to recognize itself to meet the challenges of the post-Cold War world. Arguably, it has fought a war successfully, and played a role in peace building in south – eastern Europe. And it is the recipient of demands for entry from an increasing number of states. But NATO's preeminence is extraordinarily fragile. Relations with Moscow have been at best strained: questions arise over the military implications of the alliance's restructuring; and 'ten years after the Berlin wall came down, the specter of decoupling is once again haunting trans-Atlantic relations'.[47]

The reason why the alliance's preeminence is fragile is that each crisis seems to have within it the seeds of NATO's demise. The key characteristics of NATO as a political organization continues to be seem to be, not robustness, but on the contrary, political fragility. This is apparent in the three fundamental challenges facing the alliance at the beginning of the twenty-first century.[48]

First, increasingly, NATO is playing a role in developing a zone of security in Europe; but, however unwillingly, the alliance is facing the problem of inclusion (whom, how and when to admit), and, even more problematically of exclusion.

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[47] Stuart Croft, Jolyon Howorth, Terry Terriff and Mark Webber, "NATO's Triple Agenda". *International Affairs*, Vol.76, No.3, July 2000, pp. 495-515

[48] ibid.,

Second, while many Europeans might agree that 'a stronger Europe and a more balanced Atlantic partnership, far from threatening the western alliance will assure its integrity and viability'.[49] And the Europeanization of the alliance is seen by many as the harbinger of the transatlantic decoupling.

Despite Europe's woeful contribution to the Kosovo war in military terms, and despite decades of American badgering over increasing the military potential of the alliance's members. Third, how can the alliance appropriately adapt itself in military terms to the new challenges? If the policy of military intensification is unpersuasive, then NATO will be a less effective military instrument. These three challenges faced by the NATO at the beginning of the twenty-first century are profound, and are framed by the political fragility of the alliance. Apparent failures in any of these three areas will undermine the alliance's political credibility, a scenario that senior policymakers have sought to avoid for over fifty years. Hence, the good ship that NATO is still navigating through the rocks; but if there is apparent success in these three areas, there is every prospect that the ship will be able to steer into those deeper, calmer, although not necessarily safe waters.[50]

NATO enlargement was formally launched at the meeting of the North Atlantic Council (January 1994) as that which finally gave the green light to the emergence of some form of European security and defence identity (ESDI). From the outset, ESDI was always a NATO military project, essentially designed to solve a number of structural and political problems within the Euro – Atlantic community. Since the meeting, ESDI and enlargement have alternated at the top of

[49] Charles A Kupchan and Robert B Zoellick, quoted by Croft, Howorth Terriff and Webber in NATO's Triple Agenda, *International Affairs*, Vol. 76, No. 3 July 2000

[50] There are many ways in which NATO could reach such stability, ranging from a consensus behind continued American leadership to accepting a stronger role for the EU, or even the OSCE, and hence an end to NATO predominance to European security structures.

the alliance's strategic agenda, ESDI dominating attention from 1994 to 1996, but was replaced by enlargement as the key issue from 1997 to 1999. Since Kosovo, however the gradual creation inside the alliance of a stronger and more autonomous European security capability has emerged not just as a NATO military project, but also as an EU political project.

The Cologne Council in June 1999 and above all the Helsinki Council in December 1999 launched the notion of a common European security and defense policy (CESDP) as an inherent part of the EU's long-term political agenda. The idea that Europe should play a role in security more commensurate with its size and resources has been promoted in different forms on both sides of the Atlantic. In the United States, the main focus was always on 'burden-sharing', while in Europe much of the driving force has been generated by France. Burden sharing referred primarily to resources, leaving US political and strategic leadership unchallenged. ESDI is, at one level, merely the latest version of burden sharing.[51]

At the June 1996 ministerial meeting of the North Atlantic Council in Berlin, the idea was finally accepted of establishing ESDI within NATO, and the further development of the Common Joint Task Force (CJTF) concept was authorized.[52] During the Cold War, US insistence on a more equitable and effective distribution of the risks and responsibilities incurred in alliance defence – the burden sharing debate – placed NATO's European allies in something of a dilemma. If the Europeans were neither able to organize themselves into a more efficient wing of the alliance nor willing to commit more resources to the common cause, then the very idea of a security partnership could be at stake. But if the

[51] *Stuart Croft, n. 35, p. 504*

[52] North Atlantic Council Communiqué, Berlin, 3 June 1996 ('Berlin Communiqué') *NATO Review* 44:4, July 1996, pp. 30-35

European allies could make both an efficient and a well-funded contribution to their own defence, there would be no need for US assistance and leadership, and indeed for NATO. The balance was difficult enough to achieve during the Cold War, even with the mind focusing perception of a common Soviet threat.

After 1989, with mounting pressure – particularly from France – for a Europeanist (rather than Atlanticist) approach to European security, and with deepening disagreements over the Yugoslavia crisis, the transatlantic security partnership looked for a while to be on its last legs. France began to speak of European defence cooperation outside NATO in more far-reaching terms than ever before.[53]

In March 1991, the US made it plain that while the United States would welcome a European voice in NATO, it was still uneasy about the prospect of a European security caucus within the alliance, possibly based on the West European Union (WEU), which could browbeat the United States. However, the US has softened its stand now, as it realized that it couldn't always be the guardian of European security. [54]

The perception of NATO by observers, and by the alliance members themselves is that of a military alliance for the common defense in Europe. Though the United States has sought to expand NATO's mission beyond Europe's boundaries, yet allied involvement outside Europe has always been decisive, whether it has been Franco-British intervention over Suez or American

[53] A.Menon, "From independence to cooperation: France, NATO and European security", *International Affairs*, 71:1. January 1995, p. 22

[54] Paul Cornish. "European Security: The End of Architecture and the New NATO", *International Affairs* Vol.72. No.4. October 1996, p. 755

engagement in Vietnam or differences in the Middle East.[55] And the latest in the offing is the Kosovo crisis, not forgetting the Bosnian tragedy. The Kosovo crisis has highlighted the need to shift the balance in favor of Europe for the future of Euro – Atlantic security by creating a credible common foreign and security policy to give the Union a political language of its own, backed up when necessary by force. Kosovo was the first time that the alliance intervened militarily to put an end to wholesome violations of human rights, repression and expulsions, which had provoked horror and indignation throughout the world.

And herein lies the crux of the new missions which form part of the broader concept of 'enhancing the security and stability of the Euro-Atlantic area', which is of prime importance because it defines the future scope of action of the alliance. NATO's future will also require a stronger role for the European allies and a re-balancing of the vital transatlantic relationship. The 'Kosovo crisis demonstrates above all the need for Europe and North America to stand together.[56]

It was the United States who turned out to be the great winner in the Bosnian crisis, with the signing of the Dayton Peace Agreement, a major diplomatic victory for the US, showing that US presence in Europe even in a post-bipolar period, is a key factor of security on the continent. In short, it showed that the North Atlantic Treaty has found a purpose for its existence even after the disappearance of the threats it was supposed to check since 1949. NATO's military missions in Bosnia were the first combat missions of the Alliance in its history, and at the same time, the first 'out of area actions' carrying its operational zone further

[55] Leon V Sigal, "Political Prospects for no first use", in John D Steinbruner and Leon V Sigal (ed.), *Alliance Security* (Washington D.C: The Brookings Institution, 1983), pp.135-145

[56] Javier Solana, "A redefining moment for NATO: the Washington Summit decisions and the Kosovo crisis". *NATO Review*, summer 1999, p.8

towards the East. Actually, it was in Bosnia that and not in Central Europe that NATO's eastward expansion has actually taken place, bringing the United States a big score in the post-Cold War power policy with Russia and Western Europe. The biggest institutional loser in the Bosnian endgame was the European Union (primarily its common Foreign and Security Policy and Western European Union), primarily because it failed in 1991 to achieve a consensus on its Balkan policy and did not succeed in asserting itself as the dominant political factor on the continent in this post-bipolar period.[57]

[57] Predrag Simic, "The Bosnian Endgame", *International Affairs*, Vol.XLVII, Belgrade, pp. 3-12

"Americans and Europeans have every reason to pray that the future of our alliance will be something, almost everything, of finding in one another the ideas, the moral courage and the material support necessary to win out in any struggles". *Senator Malcolm Wallop.*

CHAPTER 3

Economic Deadlocks between the EU and the US

The United States adopted a benign attitude towards the EC in the 1950s and 1960s. The demise of the Bretton Woods system and the relative decline of the Dollar, combined with the rise of the Deutschmark and the increasing industrial power of the EC led to a change in American attitudes towards the Community in the early 1990s. The prime dispute had been over the Common Agricultural Policy (CAP).[1]

The crisis in the world steel industry in the 1970s and 1980s also led to some bitter trade disputes between the US and the EC. Both parties were heavily involved in helping their steel industries, the Americans by use of import quotas, and the EC by a host of policies implemented under the ECSC. This led to both sides accusing each other of unfair trading practices, and to the implementation of a series of trade restrictions. This dispute ended with the increase in the demand for steel in the wake of the boom in world growth in the late 1980s, and the restructuring of the steel industry in both the EC and the USA.[2]

The American insistence on trying to apply US law to foreign individuals and companies outside the USA had also caused friction with the EC. The most famous example of which was the US embargo in 1982 on the use by European firms of some

[1] Frank Mc Donald, "Trading arrangements with the USA", in Stephen Dearden and Frank Mc Donald (ed.), *European Economic Integration* (Essex, England: Longman Group, 1992), pp. 203-205
[2] ibid., p.203

American goods, patents and licenses to build the Siberian pipeline. This was a pipeline to carry to carry natural gas from Siberia to Western Europe. The Americans regarded this pipeline as a threat to the independence of Western Europe, and the US government tried to take unilateral action to control the activities of European firms engaged in work for the pipeline. This action was deeply resented in Western Europe, and eventually the embargo was withdrawn. Another extraterritorial issue arose when the USA tried to impose federal taxes on companies on a unified basis even for company profits, which had been earned in Europe. This was also resented in the EC, and was never implemented. By the, 1980s relations between the EC and the USA had been soured by these disputes.[3]

Further, Europe seemed to be on the process of integration; especially economically once the Cold War was over. A new and somewhat more fragile balance appeared to have emerged at the center of Europe in which Germany assumed indirect primacy in the economic and monetary sphere, with France trying to regain leadership in the security and defense areas.[4]

The passing of the Omnibus Trade Act in 1988 also led to a further deterioration in relationships between the two. This Act requires the US government to identify countries using unfair trading practices, and such countries must take action to stop these practices. And if they do not do so, the US government unilaterally imposes trade restrictions against them. The EC maintained that such trading conflicts should be resolved by the GATT, rather than by unilateral action. This Act was perceived by the EC as further evidence of the growth of protectionism in the USA.[5]

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[3] ibid., p. 204
[4] Thomas Pedersen,, *Germany, France and the Integration of Europe* (London: Wellington House, 1998),p. 204
[5] Frank McDonald, n.1, p.204

The process of integration in European agricultural policy took place against the backdrop of a global impetus for change. The impact of the Uruguay Round of GATT negotiations on agricultural trade was perhaps the most important factor. Agriculture had been at the top of the Uruguay Round of GATT negotiations, and had posed a major challenge to the Common Agricultural Policy (CAP). From 1986, when the Uruguay Round began, the US and the 'Cairns Group' of agricultural exporters sought to bring about changes in international levels of agricultural support. Attention was focused particularly on the high subsidies given to European farmers through the CAP. It had been argued that these subsidies had led to high prices, which in turn have encouraged expansion in agricultural production. This had transformed the EC from a major importer of agricultural goods, into a major exporter in recent years.[6]

At the beginning of the Uruguay Round, the United states backed by the Cairns Group first demanded the 'zero option', that is the abolition of all supports within ten years, and the introduction of international free trade in agricultural goods. It then revised its proposal to a demand for 90 percent cuts in export subsidies, and 75 percent cuts in other supports. The EC argued that free trade in agriculture would lead to violent market movements, damaging to both farmers and consumers. It proposed an international policy of production quotas, and the setting aside of farmland from production. Furthermore, proposals for 'zones of influence' divided among agricultural exporting countries were suggested as a means of stabilizing prices and reducing subsidies.[7]

Due to deadlock of arguments, it led to the suspension of GATT talks in Brussels on 7 December 1990. This was evidence of the large gap that existed

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[6] John Gibbons, "The Common Agricultural Policy", in Frank Mc Donald and Stephen Dearden (ed.), *European Economic Integration* (Essex, England: Longman group UK Ltd., 1992), pp.136-138

[7] ibid., p.137

between the EC negotiators and those of the US and the Cairns group. Despite the resumption of talks in February1991, the persistence of an atmosphere brinkmanship in the negotiations was a constant remainder of the fragility of the Uruguay Round of trade talks.[8]

The US has a profound interest in the maintenance of a prosperous, free market economic system in Western Europe. US economic prosperity is deeply affected by the inter-penetration of the American and European economies. The interconnections are myriad and extend to all sections of economic activity. Some general examples are:

- 0f all US investments abroad, nearly half (or about 490 billion in 1980) was in Western Europe (double the American investment in Canada and four times that in Latin America);
- European investment in the US (about 440 billion) amounted to more than 70 percent of all overseas investment in 1980;
- The US ran a trade surplus with Western Europe of about $20 billion (compared, for instance, with a $38 billion deficit with Asia);
- American exports to Western Europe at that time were worth over $50 billion a year, of which a third was in machinery and as much as 10 percent in agricultural produce.[9]

It is important therefore, to the US that the European economies should be in a position to support a sustained military contribution to the Alliance. There are political as well as economic aspects of this requirement. If the European economies are thrown into difficulties, from whatever cause, there will be

[8] ibid., p.138
[9] David Watt, "America's Alliances: Europe", in Christoph Bertram (ed.), *America's Security in the 1980s* (London: Published by the Institute for Strategic Studies, The Macmillan Press Ltd., 1982), pp.71-73

problems in meeting the defense budgets simply because of competing pressures on public expenditures. But there will also be difficulties of a deeper kind arising from the turn of public opinion. Times of depression or very high inflation (or both) tend to foster economic and then political nationalism, as well as pressure against defense expenditure. To the extent that this nationalism reflects sharpened competition for employment and growth between the advanced industrial countries, it may pose difficult dilemmas for American policy makers. An uncompromising attack on the problems of the US domestic economy may produce anti-militarism and lower security in Europe.[10]

On the other hand, successive American administration caught between their global perception of American interests and the tendency of American public opinion to relapse into a narrower continental outlook, have emphasized that the US is acting on behalf of something called 'the free world', of which she is the acknowledged leader, and of which the European countries are the chief followers and beneficiaries. This claim to responsibility provides not only the moral strand to foreign policy that American people have demanded since the foundation of the Republic, but the consolations of companionship and friendly approval.[11]

However, if the European Alliance simply melted spontaneously away Because Europe no longer believed that the cultural and the political values she had hitherto shared with the US were worth defending-at any rate at the economic price implied by a former military pact-then the blow to American self-confidence would be grave. Since the beginning, the American push for European integration

[10] ibid., p.73
[11] ibid.,

had little to do with helping American businessmen penetrate European economies.[12]

The more efficient Europe's economies became, the more quickly the drain on America's finances would be halted, and the more effectively Europe's own defenses would be managed. Little thought was given to outcomes, not even to the possibility that a strong United Europe could also be an independent Europe capable of distinguishing its interest from America's.

Though the Cold War has come to an end, and there seems to be no threat from the former Soviet Union, the United States and the European Union are on a major brink of a major trade and economic conflict. Washington has already retaliated against European import restrictions on American beef and bananas – each retaliation accounting for a hundred million dollars or so of annual trade-and has rejected all European efforts to resolve these disputes. Europe in turn threatens to retaliate against several billion dollars of US export subsidies, as well as new US trade laws that would channel the proceeds of antidumping penalties from the Treasury Department to the complaining industries and would force the President to continually change the products being retaliated against, thus intensifying the impact of US punitive sanctions.[13]

Still larger trade clashes loom on the transatlantic relationship. The troubled US steel industry will likely file additional antidumping cases against European firms or even an industry-wide safeguard action that would restrict all European imports. In addition, a major dispute over commercial aircraft has brewed as the

[12] Lawrence S Kaplan, *NATO and the US: The Enduring Alliance* (Boston: Twayne Publishers, 1988), pp, 175-178

[13] Fred C Bergsten, " America's Two-Front Economic Conflict", *Foreign Affairs*, March-April, 2001, pp 16-20

two sides quarrel over whether direct European government subsidies for Airbus or indirect Pentagon subsidies for Boeing are more egregious. [14]

Europe's outcry over US sanctions against European firms that deal with American adversaries such as Cuba and Iran has only been swept under the rug. And just over the horizon lies the biggest battle of all: the debate over farm subsidies, genetically modified products, and overall agricultural trade that will explode in 2003, when the US-EU "peace clause" (a moratorium on new complaints in the agricultural sector) expires.[15]

No doubt, the US enjoyed predominance over Europe since the formation of the alliance. And in this the West Europeans had little choice but to accept American protection on American terms. The Bretton Woods system, the General Agreements on Tariffs and Trade (GATT) and the military structure in NATO itself, were all design on the assumption of and to some extend to promote, the perpetuation of US supremacy.[16]

The United States and Europe also differ on global trade issues for which they share leadership responsibility. They remain divided, for example, on whether to include competition policy and investment issues in new WTO negotiations. It was their opposing views on issues such as these that scuttled any prospect of launching a new round of trade talks at Seattle.

Furthermore, the United States and Europe are divided on energy and environmental issues. As energy prices soared and riots erupted on European roadways during the later part of 2000, European resentment flared anew over America's penchant for cheap fuel and their profligate energy consumption. The

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[14] ibid., p.17
[15] ibid.,

[16] David Watt, "America's Alliances: Europe" in Christoph Bertran (ed.), *America's Security in the* 1980s (London: Macmillan Press, 1982), p.74

Hague Conference in March 2001 that sought to devise operational plans to check global warming broke up over fundamental disagreements about who bears responsibility for greenhouse gas emissions, how they should be cut back, and who should pay for doing so.[17]

Financial relations are another potential land mine. When the European central bank intervened to halt the slide of the Euro in September 2000, the United States only provided grudging support. But as of now, the Euro seemed to have rebounded, and things might take a relative turn, the dollar risks a sharp decline in the wake of domestic economic slowdown and an annual trade deficit approaching $500 billion. The accumulation of such potential conflicts poses high risks for both American and European economies. Moreover, the global impact of a commercial clash between these two titans could be severe-including systematic damage to the WTO, especially its crucial but fragile dispute settlement mechanism. A transatlantic economic conflict may also exacerbate potential security tensions over issues such as a future policy towards the Balkans, American concern over European plans for an autonomous military force, and European anxieties that American proposals for a missile defense system will renew tensions with Russia and trigger another global arms race. All this calls for new basic strategies for managing globalization, especially in light of the developments simultaneously arising on the other side of the world.[18]

Economic relations in the 1990s

[17] Fred C Begstein, n.13, p.18

[18] ibid., p.18

The completion of the Single Market was a major step towards the gradual integration of Europe, which has posed as a challenge to the US economy. Hence' relationship in the 1990's between the US and the EC is very dense and mutually beneficial.[19]

US-EC economic relations are very dense and mutually beneficial. Total two-way trade and investment coupled with sales generated from investment surpassed$1 trillion in 1990. The EC and US have the world's largest trade and investment partnership and the value of their two-way trade and investment has grown annually. Many attribute this growth to the liberal multilateral principles and rules enshrined in the GATT, which have eased the flow of goods and money across borders. NATO too, played a key role because it provided a secure and protected environment within which the EC and US could expand bilateral and multilateral trade. What now throw into question the future of US-EC economic relations are not the mutual benefit of huge trade/investment flows, but the early post-war commitments to multilateralism and liberalism, which served as rubrics for those flows. Restrictive trade practices by both the EC and the US in the 1980s-90s coupled with the end of the Cold War have made economic co-operation in the GATT and elsewhere seemingly less politically urgent, with every serious repercussions to the world trade and financial order.[20]

In the hegemonic period, commitments to free trade and GATT principles were enshrouded in Cold war terms to bolster the Western economy as a bulwark against communism. The urgency of the security alliance tended to soothe trade and other disputes by virtue of its overriding necessity. Yet in the 1990's, the

[19] Louis Albrecht, Sally Hardy, Mark Hart and Anastasios Katos, *Shifts in Europe* (London: Jessica Kingeley Publishers Ltd., 1995), pp. 23-30

[20] Kevin Featherstone and Roy H Ginsberg, *The United States and the European Union in the 1990s, (partners in transition)*, (London: Macmillan Press Ltd., 1996), pp. 115-119

policy process of the US – EC relations lags far behind epic changes in Eastern and Central Europe. The Cold War might be over, but the economic (as well as political and military) institutions and processes of EC-US relations are rooted in the Cold War.

NATO remains critical to the defense of Western Europe and efforts to enlarge and reform it could help to prolong its post-cold war life. Indeed, NATO has been the centerpiece of US-European relations since its inception. However, overtime that center piece may compromise a smaller piece of the transatlantic tablecloth as the EU-US commercial and political relationship further matures and gains in relative importance. If and when the EU shapes the WEU into its future defense arm, the role of NATO will necessarily evolve as well. In addition to uncertainties associated to NATO's future role, the GATT system on which the EU-US commercial cooperation has come to rest, has been weakened by various international and national trade developments which, taken together, point to a reduced commitment to the spirit of multilateralism both in trade liberalization and trade dispute settlement.[21]

Although the creation of a New World Trade Organization (WTO) to replace the GATT could and should help provide the basis for improved international trade policy, the proof will be in the budding. In the meantime, the EU and US are struggling to find the means with which to work together more effectively and to shape the transatlantic and international orders on which they depend. But they appear to be at a disadvantage when compared to the early post-World War II institutions and institutional commitments. The latter provided them

[21] ibid.,

with a framework, which helped govern transatlantic and international relations for the past half century.

However, with the demise of the Cold War, there was a historic turning point in EC-US relations. Key policy decisions made now will shape bilateral economic relations for decades to come, much as the policy decisions made in the late 1940s that shaped relations until recently, till the Cold War was over. Risks and opportunities to mould the future abound once again.

Whether the Cold War era partnership of the United States and the EC can withstand the test of a reduced role for NATO and an untried future for the WTO in a post-Cold War order is yet to be seen. A neglected and equally interesting question to that of trade conflict is why so many EC-US economic interactions were conducted without significant political controversy. The magnitude of change over the course of the twentieth century is impressive: far more trade and investment flows between the EC and the US today than ever before. This is an important change to the character of their respective economies.

European stand at the beginning of an era that will define the new political and economic architecture of their continent. The end of the Cold war has both provided the opportunity and shown the pressing need to 'unite' on the basis of the rule of law, democratic political system and the principles of the market economy.[22]

EC-US economic interdependence has never been more mutually advantageous and this is a source of stability in a changing world. Yet the end of the Cold War has not fundamentally altered the organization and process of the EU-US relationship. The relationship is highly problematic:

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[22] Wolfgang H Reinicke, "Toward a New European Political Economy", in Paul B Stares (ed.), *The New Germany and the New Europe* (Washington DC: The Brooking Institution, 1992), p.177

- adjustment in the process and Organisation of bilateral relations was never fully made in the transition from hegemony to hegemonic decline in the 1960s. that previous inertia is compounded by the current adjustment lag as relations merge out of hegemonic decline into post-hegemony; and
- the multilateral institutions which provided a structure for EC-US relations in the past may no longer serve that function in the same way in the post-cold war world, leaving the EC and the US without the kind of binding multilateral commitments that have ungirded bilateral relations for over fifty years now.

Much unfinished business remains. Besides risking inaction or maladjustment, the EU and the US could: (a) seek to breathe new life in such multilateral institutions/regimes as the NATO, OECD and G7; and/or (b) create new bilateral institutions or procedures (given the difficulty of reaching global agreement on issues of major importance to the EC and US). A dual approach would strengthen international cooperation as well as EC-US relations.[23]

Many on both sides of the Atlantic are now asking what is left to EC-US relations after the Cold War. The bases for EC-US relations are now deeply and broadly rooted in mutual political and economic advantages lodged in a framework of complex interdependence that will outlive the Cold War. Indeed, the greatest challenge of the next decade will be to overcome the wide gap in the economic prosperity between the regions in Western and Eastern Europe.[24]

And as long as the US remains within the NATO, it should remember the commitments it forged during the formation of the alliance in the early years. Common interests in the management of the international political economy, in

[23] Kevin Feather and Roy H Ginsberg, n.20, p.118

[24] Louis Albrecht, n.19, p. 32

maintaining the political economy, in maintaining the advantages of the world's largest economic partnership and in responding to threats to, or breaches of, world peace and security are likely to be powerful reasons behind continual engagement and cooperation even if the EC replaces NATO as the primary defender of Western European security.

However, despite what is at stake, it remains to be seen if the two will be able to address change constructively, acting to balance their own needs with those of common Western interests. Indeed, it will take not one but both to make the necessary adjustments. Both partners benefited from decades of historically unprecedented economic growth. Both perceived a common threat to their security and, while Western Europe was more geographically vulnerable to Soviet power during the Cold War, the United States too thought that its security was in danger. As a result there was mutual dependence on their economic and security needs. Before the outbreak of the Cold War, the realities of economic interdependence were apparent because both sides agreed to turn away from the economic nationalism of the 1930s and to create a new international economic order in the 1940s despite designed to institutionally manage economic interdependence. Therefore the partners' common interest in economic cooperation was enhanced - not solely precipitated - by the Cold War.

Trade Relations and conflicts

The EC and US governments developed rules, institutions and procedures to regulate key aspects of international economic integration: management was made easier 'by a high level of agreement among the powerful on the goals and means of the international economic system. The foundation of that agreement was a shared belief in capitalism and liberalism. Although, they could not have known it then, the early post-war institutions of international cooperation molded and accepted by the

United States and the future EC states would in just a decade provide the multilateral structure of today's EC-US relationship.

The Atlantic Alliance is not merely a set of political and military connections between Europe and America. It is also the centerpiece of a global economy system. They viability of any set of military arrangements depends not only on their military efficiency, but also on their economic consequences.[25]

The coincidence of three favorable political conditions-the concentration of power, shared interests and leadership of the US - provided the political capacity equal to the task of managing the international economy. It enabled the Europeans to recover from the devastation of the war, and to establish a stable monetary system and a more open trade and financial system that led to a period of unparalleled economic growth. Asymmetry existed in the monetary field. The weight of the dollar in international trade and capital markets made the European economy dependent on the vicissitudes of US economic performance, and US monetary policy and interest rates set by the US Federal Reserve Board. However, the launch of the Euro offers the prospect of a new bipolar international economic order that could replace America's hegemony since World War II. The global trading system has already been jointly run since the early days of the European Common Market, which enabled Europe to integrate its commerce and exercise power equivalent to that of the United states in that domain. And the Euro is likely to challenge the international financial dominance of the dollar.[26]

The end of the Cold war has also sharply reduced the importance of US military might for Europe and pulled aside the security blanket that often allowed

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[25] David P Calleo, *Beyond American Hegemony: The Future of the Western Alliance* (USA: The Twentieth Century Fund Book, 1987), p 9

[26] Fred C Bergsten, " America and Europe. Clash of the Titans", *Foreign Affairs*, March-April, 1999, Vol. 78, No.2, pp. 20-34

both sides to cover up or resolve their economic disputes for the greater good of preserving the anticommunist alliance.

Economic relations between the EU and the US will therefore rest increasingly on a foundation of virtual equality. The United States will either have to adjust to this new reality or conduct a series of rear-guard defensive actions that will be increasingly futile and costly – like the British did for many decades as their leadership role declined. The EU will either have to exercise positive leadership, which it now can do, or become highly frustrated at home and a spoiler abroad. As of now, the superpowers are only partially confronting key systematic questions. [27]

On the monetary side, America and Europe seem to be moving toward modest reforms in the "international financial architecture" to incorporate greater transparency in markets, more rigorous adherence to global financial reforms, and modest improvements in International Monetary Fund (IMF) procedures. But the two superpowers have failed to propose, let alone implement, fundamental solutions to the unfolding financial crisis that could stabilize capital flows and the international monetary system. Any slowdown in the US economy could also trigger strong protectionist pressure from industries of central importance to Europe, as it happened in the case of steel.[28]

Furthermore, the main historical underpinning of America's potential two-front economic conflict is increasing the multi-polarization of the world economy. Despite America's prodigious economic performance in the 1990, the European Union is now the largest economic entity on the globe, and with the launch of the EURO, has completed the Region's economic integration.[29]

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[27] ibid.,
[28] ibid., p. 22
[29] C Fred Bergsten, "America's Two-Front Economic Conflict", *Foreign Affairs*, Vol. 80, No.2. March-April 2001, p.22

Moreover, the two sides have not worked out any strategy to respond to the politically potent backlash against globalization already observed around the world, including on both sides of the Atlantic. That resentment could severely impede progress on key specific issues, as the US Congress has already demonstrated with its refusal to authorize new trade negotiations and its reluctant support for the IMF. The result could be a gradual undoing of the international economic liberalization of the past two or three decades and a profound alteration in policy around the world.[30]

The result therefore, is approaching paralysis on economic relations between America and Europe just when a daunting policy agenda and the advent of full bipolarity require new cooperative initiatives.

The EU and the United States need to install effective working arrangements to address the serious problems ahead, both in their bilateral relations and in the joint challenges of global leadership that will become even more difficult in the coming years. Moreover, they should take separate approaches to financial and trade issues. And if the EU and the United states could begin to cooperate now as equal partners, even in the economic arena alone, they could resuscitate the vitality of their own relationship and provide and provide effective global partnership. If they fail to do so, they will continue to drift apart, with severe consequences both for themselves and for the world economy.[31]

The economic integration of Europe over the past half-century, culminating in the euro, represents history's most dramatic success in institutionalizing interdependence. And the completion of the European economic evolution provides the basis for an effective transatlantic partnership that could herald a similar, if more

[30] Fred C Bergsten, n. 26, p. 23
[31] ibid., p. 34

modest, success story over the next 50 years. It could also presage the next major step forward in managing the world economy.

At the start of the 1990s, it was the diplomats who faced the need to create a new European order. This new European order was to include both West and East Europe in many of its dimensions, although there was to be structures that were principally relevant to one group of countries or another.[32]

It was, moreover not be so much a new order, at least in the next few years as it will be the product of an adaptation of existing institutions like the Conference on Security and Cooperation in Europe (OSCE) and the North Atlantic Treaty Organization (NATO). The US response to this idea was expressed in the late 1980s, when the Secretary of State, James Baker, called for structures that could accomplish two purposes. First, to overcome the division of Europe and especially Germany; second, to maintain the link between the political, military and economic security of the United States and that of Europe.[33] The launching of the European Monetary Union (EMU) i.e., of the Single Euro currency on January 1, 1998 has therefore opened a new chapter in the international monetary and financial relations.

European Economic Integration: Problems and Prospects

Transatlantic relations have for almost forty years been marked as much by economic rivalry as by a shared interest in shaping the international order. During the Cold War, this ambivalence was for the most part kept at bay, despite a sting of conflicts over trade and the management of the global economy. The common

[32] Andrew J Pierre, "The United States and the New Europe". *Current History*, Vol.89,No.550, November 1990, pp. 353-356
[33]. ibid., p.354

security threats as embodied in the North Atlantic Alliance constituted a major safeguard against any damaging escalation of such economic conflicts.[34]

Since the end of the Cold War, this balance ambivalence has been overturned. Leading European and US experts and politicians have brought forward various proposals for a deeper transatlantic economic integration to counter the danger of progressive erosion of the transatlantic security relationship. The New Transatlantic Agenda (NTA) and Action Plan of December 1995 though falling short of most of those proposals are still focused on economic issues. The economy however may be overburdened by the task of preventing a transatlantic drifting apart. However, support for the NTA initiative has been lukewarm both in the US and in Europe. [35]

In many respects both the overall process of European economic integration and the economic performance of the European Union appear to stand at crossroads. On the one hand, the heightened economic integration following the Single European Act, the "1992 program" and the Treaty of Maastricht offers a unique paradigm of extensive regional market liberalization and international coordination of economic policy making. On the other hand, unemployment and slow economic growth seem to have confounded certain of the initial assessments of the effects of European economic integration, while dampening some of the enthusiasm for continued European policy initiatives aimed at new dimensions of integration and economic cooperation.[36]

The prospect of European Monetary Union marks a potentially new and distinctive stage in the political economic experiment of European integration. At the

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[34] Jens Van Scherpenberg, "Transatlantic Competition and European Defense Industries: New Look at the Trade - Defense Linkage", *International Affairs*, Vol.73,No.1, January 1997, pp.99-104

[35] ibid., p. 101

[36] Christophe Deissenberg, Robert F Owen and David Ulph, "European Economic Integration: An Introductory Overview", *Review of International Economics*, Vol.5, Issue.4, (Oxford, UK: Blackwell Publishers, 1997), pp. 1-9

same time, that proponents of monetary integration, including notably the European Commission have highlighted advantages of a single currency, there have also been significant concerns. In part, these results from a perception that the fiscal and monetary policy options open to European nations are rapidly becoming more limited. And this came at a time when a number of EU countries were experiencing low record unemployment and slow growth. Hence, a major issue of debate about monetary integration within Europe regards the tightness of the constraints on fiscal policy that were by the convergence criteria linked to the Treaty of Maastricht.[37]

It is claimed that European integration, especially EU regional policy, the incorporations of regions within European decision-making and the emergence of the new regional actors constitutes the dawn of a 'Europe of the Regions'.[38] The necessary structural pre-conditions may be in place but it is premature to believe that Europe has embraced the regional perspective as a framework for action. What is needed is constant monitoring of the role of super-structural agencies such as the EU, the Council of Europe, NATO and the Organisation for Security and Cooperation in Europe (OSCE), in influencing the definition, legitimization and resolution of persistent ethnic/nationalist grievances.[39]

Hence, the conclusion that can be drawn is of three possibilities: (a) market forces and national states could remain decisive; (b) the European Union could become more powerful, perhaps with a more socialized conception of the market; or (c) a third way could emerge based on devolution, decentralization and principles of

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[37] ibid., p. 3

[38] The term 'Europe of the Regions' is generally understood as signifying a federal Europe in which nation-states are gradually replaced by regions as the appropriate sub-unit of the federation. Its intellectual origins may be traced to a variety of sources, notably European federalists, such as Denis de Rougement and Alexendre Marc, who envisioned then atrophying of the nation-state, and early nationalists, such as Saunders Lewis, Yann Fouere and Gwynfor Evans who wanted to reassert the role of the historical nations in a pan-European confederation.

[39] Colin H Williams, "Nationalism and its Derivatives", in Kay Hudson and Allan M Williams, *Divided Europe (Society and Territory)*, (London: SAGE Publications Ltd, 1999), pp.104-106

association. In each of these, however, it is likely that there will continue to be a role for interpretations, which stress competing national models of capitalist development.[40]

It is also argued that identity politics have become increasingly important in Europe partly because the European Union is moving from issues of instrumental problem-solving to fundamental questions about its nature as a part-formed polity. Thus, shared values and identities are significant if the EU is to become a focus for genuine legitimacy in the future.[41]

American complaints over unequal burden sharing also ignore Europe's far greater contribution to the United Nations budget – 37 percent of the overall budget, and 39 percent of the peacekeeping budget, and not in arrears. Also unmatched is European assistance to the economic reconstruction of central and eastern Europe, development assistance in Africa and Asia, and aid to Egypt and the Palestinian Authority for an Arab-Israeli peace process defined and controlled by the United States. [42]

An American stance that defines strategy in terms of American leadership but fails to pay for that privilege risks losing the respect and support of US allies. The Europeans on their part needs to recognized that the fate of their continent depends on whether their old continent is rejuvenated and whether it has learned the lessons of the twentieth century in the last decade or repeat past errors. European integration plus

[40] David Sadler, A Divided European Future? in Ray Hudson & Allan M. Williams (eds.), Divided Europe (Society and Territory), (London: SAGE Publications Ltd. 1999), pp269-276
[41] ibid., p. 276
[42] William Wallace, "Europe, the Necessary Partner", *Foreign Affairs*, Vol.80, No.3, May-June, 2001, p.22

trans-Atlantic partnership was their key to success in Western Europe during the post war era, and it should be so in the post Cold War future.[43]

The Launch of the Euro and the Challenge it poses to the Dollar

Europeans stand at the beginning of an era that will define the new political and economic architecture of their continent. The end of the Cold War has both provided the opportunity and shown the pressing need to "unite" Europe on the basis of the rule of law, democratic political systems, and the principles of the market economy. [44] And the creation of a single European currency will be the most important development in the International monetary system since the adoption of flexible exchange rates in the early 1970s. The dollar will have its first real competitor since it surpassed the pound sterling as the worlds dominant currency during the interwar period. The political impact of the euro will be at least as great.

A bipolar currency regime dominated by Europe and the United States with Japan as a junior partner will replace the dollar centered system that has prevailed for most of the century. A quantum leap in transatlantic cooperation will be required to handle both the transition to the new regime and its long-term effects. The global economic roles of the European Union and the United States are nearly identical. The EU accounts for about 31 percent of world output and 20 percent of world trade. The United States provide about 27 percent of global production and 18 percent of world trade.[45]

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[43] Dominique Moisi and Michael Merts, "Europe's Map, Compass and Horizon", *Foreign Affairs,* Vol.S74, No.1, January –Febuary, 1995, p.134

[44] Wolfgang H Reinicke, "Toward a New European Political Economy", in Paul B Stares (ed.), *The New Germany and the New Europe* (Washington, D.C: The Brooking Institution, 1992), pp. 177-185

[45] C.Fred Bergsten. "The Dollar and the Euro", *Foreign Affairs*, Vol.76, No.4, July-August, 1997, pp.83-95

The euro will probably be strong from its inception. The Maastricht Treaty gives the European Central Bank (ECB) a mandate to ensure price stability. The ECB will be the first central bank in history without a government looking over its shoulder. Since it lacks the 50-year credibility of the Bundesbank, the ECB will be tougher than its forerunner in pursuing a responsible monetary policy. Many agree that the euro will rival the dollar as the world's leading currency. Most believe however, that such a shift will take considerable time since any redistribution of international portfolios occur incrementally.[46] It should be remembered that the role of the dollar as the pivotal international currency began after 1945. Throughout the Cold War, the United States could settle its international accounts in dollars rather than gold or other currencies. The continued fact of the Cold War made the US uniquely important to its allies, because none of its allies could manage the stage for the international financial system. But the end of the Cold War meant the end of the American security card.[47]

However, though the euro was launched with much hope and expectations on January 1999, it failed to live upto its expectations. At first, it looked as if the euro will take over the dollar, and might even become superior to the dollar. But after months of failure to protect the euro, the European Central Bank (ECB) realized that the euro as a currency was ailing against the dollar. Europe's monetary policy makers failed, because they set out to bring European money rates up in order to compete with higher rates in the US. And since the US federal reserve was raising rates through much of this time, the ECB found itself chasing American policy. [48]

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[46] ibid., p.91

[47] Diane B Kunz, " The Fall of the Dollar Order", *Foreign Affairs*, Vol.74, No.4, July-August, 1995, pp.22-26

[48] Milton Ezrati, "Let Europe Grow", *Barron's (BAR)*, Vol.81, Issue.6, February 2001, p.51

After sliding steadily from $1.17 at its birth in January 1999, the euro bottomed just above 95 cents as of February 2001. For the world's global giants, who derive most of their business from the US and Europe, this combination of an increasingly robust euro and a fading US economy has different implications, notes Joseph Quinlan, a New York based international economist at Morgan Stanley Dean Witter.[49]

The American response to the European single currency, which began with assertions that it cannot succeed, hence has been proved to be true as of now. But there are still alarming signals that the euro might just bounce back. American realists also simply see the emerging threat of a new economic hegemon; either Germany alone or France and Germany together, rather than recognizing how common policies in the EU emerge from multilateral bargaining among 15 member states. Americans were also ambivalent of how far the US inspired project of European integration should go, for fear that it could produce a true global rival.[50] Transatlantic relations during the Cold War were mainly based on military and economic needs. At that point of time, the US had overriding powers over its European partners since she was much better off than her alliance partners, whether it be in economic or military issues. No doubt, the US was the main actor behind the re-structuring of a war devastated Europe, for which she could gain the confidence and support of the Europeans for many decades. But with the launch of the euro things have changed.

[49] Vito.J.Racanelli, "Reversal of Fortune", *Barron's (BAR)*, Vol.81, Issue.3, January 15, 2001, p.20
[50] William Wallace and Jan Zielonka, " Misunderstanding Europe", *Foreign Affairs*, Vol.77, No.6, November-December, 1998, pp. 67-69

" Europe will not be build at once or as a single whole; it will be built by concrete achievements which first created de facto solidarity" Robert Schuman

CHAPTER- 4

Military relationship between Europe and America in the Cold War Era

Since 1949, the Atlantic Alliance has been the nucleus of the postwar international system. Bound together in the North Atlantic Treaty organization (NATO), North America and Western Europe had given the postwar world a vital centre of military stability and politico-economic order. The world around NATO, however, has changed dramatically, while the Alliance itself had been relatively static. Militarily, it remains as it was in the beginning-an American nuclear protectorate for Europe.[1]

As such, it is increasingly unviable. The reasons spring not so much from particular mistakes as from a global trend of recent decades. Since the middle of the century, when NATO's present arrangements took form, the world's distribution of resources and power had evolved in a more plural direction. Economic wealth, military power, and political initiative were far more evenly distributed around the world during the Cold War, than they were in the years immediately following World War II.[2] In the military sphere, Europeans had worried about the reliability and dangers of American deterrence for Europe. Americans had worried about the dangers that their European commitment might

[1] David P Calleo, *Beyond American Hegemony, the Future of the Western Alliance* (USA: Twentieth Century Fund, 1987), pp, 1-7
[2] ibid., p. 4

pose to themselves, and had fretted over the inadequacies of Europe's own contribution to deterrence.

Beyond military issues, the transatlantic allies have had broader diplomatic and geopolitical differences. Disputes over how to manage relations with the Soviets had surfaced periodically. While America's Soviet policy had regularly oscillated between confrontation and détente, West European governments have had a more tenacious interest in a relaxed diplomacy, particularly within Europe itself. Moreover, since the alliance's early days, important differences over Third World policies had led to bitter disputes.

Many of these political and military differences were so serious and deep-seated that, if ever pressed to their logical conclusions for policy, the Atlantic Alliance would have had trouble surviving. Fortunately, Western diplomats were skillful at papering over their national disagreements.[3]

The decade from the mid-1970s to the mid-1980s illustrates both the typical and recurring transatlantic differences and the processes by which they had been contained. Starting in the mid-1970s, the Americans moved away from détente toward rearmament and confrontation with the Soviets. The Europeans were willing to follow, but only selectively. Even though by and large, they welcomed America's rearmament, they refused to accelerate their own.[4]

As America turned from diplomacy toward hostility to the Russians, Europeans were diffident about cutting back their own diplomatic and cultural ties with the East. They refused to help enforce a sort of economic quarantine on the Soviet Union, not even as punishment for its behavior in Eastern Europe, let alone in the world at large.

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[3] ibid., p, 5
[4] ibid.,

Europeans believed that détente in Europe should be insulated from Soviet-American confrontations elsewhere. American policy was therefore, not at all to their taste. Not only did it injure various European economic interests, but also it threatened, they believed, a perceptible if fitful amelioration of conditions in Eastern Europe. The American policy was, on the other hand, based on a sharply different view-both of the Soviets and of Western Europe's proper role in the alliance. When the USA pledged to the defense of Western Europe, it gave its European alliance an irresistible incentive to substitute American military spending for their own.[5]

The Carter and Reagan administrations also believed that because NATO was America's major military investment and the Europeans were America's major allies, Europe should not be a safe zone for détente (as the Europeans seemed to wish), but a pressure point where the Soviets could be punished for bad behavior elsewhere. And since the Soviets had come to depend on European trade and investment, America's allies should use their economic leverage in the common task of containing Soviet power globally. Behind these views lay the assumption that heavy rearmament and economic pressure would threaten the Soviet regime's stability enough to force it to moderate the arms race and sharply curtail its ambitions for world power.[6]

By the mid-1980s, US policy appeared to have moved into a more conciliatory phase. Public fear of nuclear war had threatened to become a major political force both in Europe and America. And beyond the perceived Soviet threat, Europe needed both the Americans and the Russians to solve its own

[5] Melvyn Krauss, *How NATO weakens the West* (New York: Simon and Schuster, 1996) pp, 233-238

[6] David P Calleo, n. 1, p. 65-70

German problem. That was then. The debate in the United States about the future of NATO has apparently a critical phase. The convergence of several central issues about security in Europe could in the next few years force US leaders either to produce a convincing rationale for active US involvement in European security arrangements or to continue the process of disengagement by default, leaving European security to the Europeans. And many Americans who believe the United States should not (or cannot) sustain a major global leadership role see NATO as an undesirable extension of US Cold War responsibilities. They, for the most part, believe that transforming NATO into a security instrument for the post-Cold War world will only perpetuate global US security burdens.

On the other hand, those Americans who believe that the United States has no choice but to continue to lead internationally, see cooperation in NATO as one way of ensuring US influence over European security developments while sharing the military and financial burdens of policing European and international security. Those Americans who believe that the United States must disengage from Europe generally hope that a more unified Europe will be able to handle security in its own neighborhood without significant US assistance. Others believe that the United States can hope and work for a more unified and responsible Europe, but certainly cannot count on it.[7]

The United States approaches the issue of future European security arrangements with a well-founded prejudice in US policy in favour of NATO's place at the centre of European security affairs. Until the 1990s, the NATO was a powerful force because of the Soviet threat. And beyond the Soviet threat, another major factor giving NATO's special place in US foreign policy has been the goal

[7] Stanley R Sloan, "US perspective on NATO's Future", *International Affairs*, Vol. 71, No. 2, April 1995, pp. 217-231

of promoting internal European stability. But over the years, a recurrent question in US circles is why is there the need to defend Europe. Some argue that European allies are not bearing their fair share of a mutual defense burden, which necessarily grows as the US shifts to greater reliance on more costly conventional forces.[8]

And for over 40 years, US leaders generally accepted that the US presence in Europe plays a constructive stabilizing role within Western Europe as well as between east and west. Just as United States sought to bloc Soviet domination of Western Europe, so it also hoped to prevent a revival of internal west European conflicts that already had lead to two world wars. The US presence in Europe provided a secure framework within which former adversaries could begin new patterns of cooperation. And as those patterns developed in the form of European unification, the importance of the US stabilizing factor diminished; but it did not entirely disappear.

The alliance's heavy dependence on US conventional forces and nuclear weapons gave the United States a decisive voice in decisions about European security. Within Europe, the United States exercised extraordinary influence. In recent years, the domestic US debate has tended to emphasize the financial costs of the US leadership role. But the US leadership in NATO carried with it some economic benefits like sale of American weapons systems. More importantly, the United States benefited from the trade and investment opportunities that existed in part because of the security cover that US military forces provided for the process of European economic unification. NATO also created a direct link between the military power of the United States and the ideals that underlay the US role in the

[8] William J Taylor, Steven A Maaranen and Gerrit W Gong, *Strategic Responses toConflict in the 1980s* (USA: The centre for strategic and international studies, 1984), pp, 193-200

world. Professor Lawrence Kaplan, NATO's leading historian, has called the NATO "the enduring alliance".[9]

Changing US interests and European security.

Today for many Americans, without the Soviet or any other hegemonic threat to Europe, and given the abject failure of communist systems on the Old Continent, there is no obvious reason to justify continuing substantial US involvement in European security arrangements. And in recent years, the domestic US debate has tended to emphasize the financial costs of US leadership role.[10]

It may be reassuring that NATO still remains a popular concept with the American public. But the more important question may be whether or not this level of support for US leadership in NATO can be sustained at a time when Americans believe that the United States needs to reduce its involvement in world affairs. Unless the importance of the US-European alliance is reaffirmed in terms relevant to the emerging New World order, US public and political support for an activist role in Europe is bound to diminish over time. This judgement is based on the premise that future US policy towards European security is at the core of a larger issue for the United States about its role in the world.[11]

The present contribution of the US to Europe's forward conventional defense is likely to shrink during the decade, thus imposing on European allies' proportionally greater military requirements. There are already strong political and

[9] Stanley R Sloan, n. 7, p. 218
[10] The US department of defense estimates that the incremental cost of deploying US forces in Europe is only 15 percent more than what it would cost to deploy the same forces in the United States. Critics of the US contribution to NATO frequently cite the entire cost of maintaining those forces taken than the incremental cost.
[11] Stanley R Sloan, n. 7, p. 223

strategic pressures on US force levels on Europe; especially forward-deployed ground forces and these pressures are likely to increase.

The political pressures are manifest in mounting Congressional irritation over what is perceived to be a refusal on the part of key European allies. Whether justified or not, growing Congressional discontent with NATO is a fact. And for the first time, Capitol Hill is seriously discussing unilateral withdrawals of US troops from Europe, and barring major alterations in present allied political and military behavior, such discussion likely to lead to legislation. Intensifying political pressures on the character of the US commitment to Europe's defense are compelling strategic focus on Europe at the expense of forces dedicated to contingencies outside the NATO treaty area. So long as the US remains allied to Western Europe and the interests of the two are also linked in various other areas of the world, the state of the European balance will be a factor in determining American freedom of action everywhere. The US on its part in addition has always hoped to get some handle on Europe's military and economic resources for America's own purposes. Since the beginning of the alliance, American policy has often tend to extend the alliance's scope by enlisting economic, political and military power against Soviet policy in non-European regions as in the Korean and Vietnam Wars.[12]

Crises outside Europe must be managed therefore, without drawing down whatever is regarded as the minimal posture necessary for deterrence or defense- and for

Western European confidence in them. There is also a parallel to the European political debate about military service and effort in the problem of manning

[12] David P Calleo, n. 1, p. 198

American armed forces, upon which the NATO contingency places the heaviest potential burden. While manning the forces might be superficially easier with compulsion, it is obvious that such a measure would radically alter the political context of all US defense policy. This context would also alter everytime American forces gets involved in operation, particularly actual conflict and it is hard to predict whether compulsion rather than voluntary service would enhance or diminish the ability of the US to conduct prolonged low-level combat or to run risks in crisis.

On the other hand, the NATO allies are broadly comfortable with the withdrawal of about one-half of US forces, but much fear for the worst if the US were to disengage entirely. This judgement holds true for Britain, which continues to place high stock on its special relationship with the US.[13]

The arguments that made a largely expeditionary opt for voluntary service was weighty and the burden of proof lies on the advocates of change. At the very least, the problem enhances the case for strategies that by the exploitation of technology, the restructuring of forces and the maximization of Europe's own contributions, perhaps by way of territorial reserve functions not practicable for the US, reduce the American troops beyond the important minimum necessary to create the deterrent commitment. Such a course would also conform rather than run counter to the perhaps remote but ultimately inevitable prospect of Western Europe devising a more independent system of security.

A recurrent question in US circles is why should America defend Europe. This manifestation of an always latent strain of US neo-isolationism has revived recently. Some argue that European allies are not bearing their fair share of a

[13] Richard L Hugler, *The Future of the US Military Presence in Europe: Forces and Requirements for the post-Cold War Era* (Santa Monica CA: RAND Publications, 1992), p. 13

mutual defence burden, which necessarily grows as the United States shifts to greater reliance eon more costly conventional forces. And Europe is now economically capable of defending themselves. Others argue that Europe is strategically no longer vital to the United States. During the Cold War, the conventional wisdom of Western defense strategy was that the United States must be closely linked to the defense of Western Europe because of an inherent imbalance between the military capabilities of Western Europe on the one hand and the Soviet bloc on the other.[14]

America's principal contribution to Europe's defence during that period was extended nuclear deterrence and a peacetime commitment of several hundred thousand troops, mainly for security and peace in Western Europe. While neither was specified formally in the North Atlantic Treaty or bilateral agreements, both were intrinsic components of the US role in Europe. Extended deterrence was a conditional pledge to initiate nuclear war rather than permit NATO Europe to be defended. However, in recent years, the 'height of the nuclear threshold – the level of conflict at which the pledge would be executed-has been debated in various fora. Another sensitive issue is troop deployment. Numerous US Congressional representatives, some of them hard-liners, have linked it to greater European military contributions.[15] And if either commitment were significantly altered, the US role they threatened would be redefined.

The present US defense commitments to Europe did not develop easily. This was hardly surprising, given the strong tradition of non-entanglement in European affairs. In fact, the initial pledge was made under assumptions quite

[14] Melvyn Krauss, *How NATO Weakens the West* (New York: Simon and Schuster, 1986), pp. 137-138

[15] Joseph Lepgold, *The Declining Hegemon -the United States and European Defense, 1960-1990* (USA: Greenwood Press, 1990), pp. 2-27

different from those that emerged after 1950. Until the creation of an organizational structure for the North Atlantic treaty and the deployment of additional US forces that underpinned it, American military involvement in Europe was hesitant and sharply limited in scope. US security policies and assumptions during this period were thus incoherent. On the one hand, while the US forces in Europe were weak, the real objective of the American guarantee was to restore European self-confidence.

In this view, deterrence by punishment (the nuclear threat) was sufficient and a high confidence defense was unnecessary. But few were certain about Soviet intentions or American ability to contain future probes. It was argued that a Soviet nuclear weapons capability would require a Western theatre defense in Europe and much higher defence spending.[16]

America's global position during the 1970s and 1980s was undeniably weaker than it had been a generation earlier. The real issue in all the debates was whether it remained a "hegemonic" power-a state powerful enough to maintain the essential rules governing interstate relations, and willing to do so. With NATO, these rules amount to the existing distribution of burdens and responsibilities: Europeans provided most of the alliance's peacetime personnel, tanks, aircraft, and reserves, but America contributed virtually all the nuclear weapons, shared the risks of first use, and kept six divisions in Europe. More importantly, the US benefited from the trade and investment opportunity that existed in particular because of the security cover that the US military forces provided for the process of European Economic unification.[17]

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[16] ibid., p. 13

[17] In 1993, the EC countries brought 21 percent of US exports of merchandice goods and 30 percent of US export of services. Approximately, one-half of all US direct investment abroad is in Europe.

Present and Future Trends in European Security Affairs

The importance of the Security challenge in Europe should not be underestimated. Jonathan Dean argues that Europe is the 'test case' for the future of international security system after the Cold War. He concludes that the failure of the European system of multilateral security institutions would probably mean the failure of the European system of multilateral security as well.[18]

In other words, the stakes involved in the debate over NATO's future may be much larger than what is commonly acknowledged. These considerations fed two other debates: for the first time since 1950, both the nuclear and conventional commitments were seriously questioned by American elites. NATO watchers are usually self-critical, but the degree of dissatisfaction during the 1980s was unusual. Moreover, there was significant overlap with the first two debates-that is, with broader issues of American capability and willingness to lead the Alliance. Nevertheless, nuclear risks and allied burden sharing were discussed largely in isolation from one another.

For many Americans, particularly congressional representatives, burden sharing had become a domestic political issue.[19] It involved broader societal priorities, not specific allied defense contributions. They argued that by the most common measure, share of GNP devoted to defence, America did substantially and consistently more than its allies. Virtually everyone agreed that other NATO members needed to rectify the imbalance. Beyond this, however, there were key differences in goals and tactics. Some, mainly in the executive branch urged

[18] Jonathan Dean, *Ending Europe's Wars: The Continuing Search for Peace and Security* (New York: Twentieth Century Fund Press, 1994), p. 387
[19] Joseph Lepgold, n. 15, p. 22

Europe to do more mainly to keep the existing US contribution intact. A growing group believed that Europeans would have no incentive to do more unless the US did. By the mid-1980s, many legislators were frustrated by the division of defence burdens. A few statistics indicates why. The US share of GNP spent on defense was at least one percentage point higher than every other NATO member and, at 6-6.5 percent for most of the decade, nearly twice the NATO average. In financing much of the US budget deficits, some allies, in effect, were borrowing from America the money to protect them. Most politically unpalatable was a realization that the United States was defending more to protect the allies than most were spending to defend themselves. By most measures, US defense spending on NATO was significantly higher in absolute terms than the combined contributions of all other members.[20]

Some saw America's isolationist tradition as a deeper source of such resentments. If so, NATO's base of support in the United States was wide but shallow, and tinkering with military arrangements could unravel other ties with Europe.

It was therefore visualized that, NATO would work only if the United States and Europe had independent options; allied dependence bred resentment in America and irresponsibility in Europe. Europeans hence needed to determine their own security requirements and provide a sufficient conventional defense. And with the end of the Cold War, both the EU and the US are faced with a major security challenge; i.e., how to provide for peace and security in Europe after the collapse of Communism and the end of the Warsaw Pact. New opportunities have arisen: in the past, Western European defense

[20] Joseph Lepgold, n. 17, p. 23

cooperation appeared to inherently conflict with NATO and transatlantic commitments. Now, the conflict seems less significant. The EU, supported by the US had sought to play a proactive role in securing a new European stability and prosperity. The Maastricht Treaty's provision on Common Foreign and Security Policy (CFSP) were a direct response to the unfolding situation: the EU has moved further into the military arena. The US, having borne substantial burdens of financing the defense of Europe, now recognizes both a political and an economic opportunity to scale down its military commitments on the continent. Both the EU and the US are thus engaged in managing a transition from Cold War arrangements to something new.[21]

Unfortunately, the destination remains unclear. Nevertheless, historic shifts occurred in 1993-1994 to start to reshape European security arrangements. Of major significance was the NATO Summit of 10-11 January 1994. For the first time, NATO gave its full support to the development of a European Security and Defense Identity (ESDI). It proclaimed that such an identity would strengthen the European pillar of the Alliance while reinforcing the transatlantic link and it would enable the European allies to take greater responsibility for their common security and defense. It also stated that the Alliance and the EU 'share common strategic interests'[22].

NATO further committed itself to adapting the Alliance to reflect the emerging ESDI and to endorse the concept of Combined Joint Task Forces (CJTF) to facilitate contingency operations and the dual use of collective assets. NATO also welcomed EU proposal for a pact on stability in Europe and stated its

[21] Kevin Featherstone and Roy H. Ginsberg, *The United States and the European Union in the 1990's* (New York: St Martin's Press, 1996), pp. 280-285
[22] ibid., p. 281

willingness to contribute to its elaboration. Finally, NATO supported the efforts of the UN and the EU to secure a negotiated settlement to the conflict in Bosnia and commended 'the EU action plan of 22 November 1993 to secure such a negotiated settlement'. But some observers observed that if NATO cannot deal with problems like Bosnia, then the transatlantic alliance do not deserve to exist.[23] From an American perspective too, doubts were raised on the future of the alliance after the 1994 debacle.

The significance of the NATO position on West European Union (WEU) is also striking. Just a few years earlier, grave concern about the development of a European security organization, the WEU, whose decisions would affect the US without the US being a member. There continue to be doubts about and distrust for WEU and its future links with the EU in some US government circles and certainly within NATO. Yet it is now no longer taboo to support the notion that CFSP and an EU defense identity can simultaneously strengthen European unity and the European pillar of NATO. The Clinton administration through NATO had endorsed CFSP and WEU as the EU's operational arm. And with US opposition to the WEU abating, a major source of friction between the EU and the US has been substantially reduced. Thus, the January 1994 NATO Summit had as much to do with the relationship between the US and the EU/WEU as it did with building ties between NATO and Central and Eastern Europe through the Partnership for Peace Programme.[24]

The crisis in Bosnia has thus far shown the limits of joint European foreign policy action, the tensions, which resulted from divergent EU and US positions,

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[23] Anthony Lewis, "The End of the Cold War", *New York Times*, November 28, 1994, p. A17. Kevin Featherstone and Roy H Ginsberg, n. 21, p. 281

and the need for the latter to be resolved before significant progress can be made. In retrospect, the early action of the EC in recognizing Bosnia is seen as a mistake. More generally, even if the CFSP framework had been in place at the start of the conflict, it is not clear that it would have made much difference.

The EU states stuck to a common line in the Bosnia conflict, despite many strains testing their unity. Thought the EU had achieved little success as of now, it had made substantial effort in serving as mediators to broker peace and in delivering humanitarian aid. EU member-states, through NATO and the WEU, have joined NATO members in monitoring the UN embargo in Bosnia, and had been engaged in the largest and longest humanitarian aid effort since the Berlin airlift. But during the Bosnian debacle, there has been as much criticism of NATO form the European as well as from the American side of the alliance. The Bosnian crisis proved to be an embarassment for NATO. It was only with the conclusion of the "General Framework Agreement for Peace" in Bosnia in 21 November, 1995 and signed in Paris in 12 December, 1995, that brought an end to the bloodiest armed conflict in Europe, that even threatened the security of the Continent.[25]

French Foreign Minister, Alain Juppe apparently expressed widespread European frustration with US policy towards Bosnia when he said, the conflict in Bosnia has shown the necessity to move beyond NATO and American guarantees to build a credible European defense that could back up our common foreign policy interests".[26]

The Europeans clear and fundamental interest in maintaining a security partnership with the US has not changed, inspite of all the changes that have

[25] Predrag Simic, "The Bosnian Endgame", *Review of International Affairs*", Vol. XLVII, Belgrade, p. 3

[26] William Drezdiak, "US and Europe in serious rift over Bosnia War", *Washington Post*,. November 27, 1994, pp, 1, 44

started to take place in the security framework of the Europeans. The US continues to be an indispensable partner for European security. In particular, the US leadership role is still necessary in resolving European crisis, as Bosnia has shown. Moreover, Europe's failure to tackle foreign policy problems in its own backyard, notably Bosnia, and recently Kosovo, has invited disrespect and ridicule over the prospect of real partnership. The Europeans were incapable of generating a credible response to the Bosnian crisis until the US came on board at Dayton.[27]

Also the Bosnian and Somali experiences proved to be profoundly disillusioning for major European contributors, and Rwanda an even more negative effect. American critics too castigates Europe for not contributing to regional and global order, while demanding that Europeans shoulder more of the cost of leadership. But, Americans remains ambivalent about how far the inspired project of European integration should go, for fear it could produce a true global rival. Observers are also of the view that US hegemony provides a familiar pretext for the smaller EU members to leave international affairs to Washington.[28]

The US, on the other hand, suffers from schizophrenia on the international front. On the one hand, the US claims that Europe should assert greater international responsibility and share the burdens of leadership. On the other hand, its revealed preference is to try to maintain American dominance-even while asking others to pay the bill-and to exploit national differences within Europe whenever possible. Europeans are also becoming aware of NATO as a transatlantic institution rather than a specifically European one, and European leaders too are concerned about Europe's dependence on the US. The birth of the CFSP and the

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[27] Carl Bildt, "There is an alternative to Dayton", *Survival*, Vol. 39 (Winter 1997-1998), p. 19

[28] S Neil MacFarlane, "The Regionalization of European Foreign and Security Policies", *International Journal*, Winter 1998-1999, Vol. LIV, No. 1, pp, 10-31

ESDI was seen largely as a step to become independent of US influence by observers. However, it was dramatically constrained from developing because the member-states were unwilling to cede their prerogatives to a supranational body, and due to divergent views of the representatives to arrive at a common consensus. Moreover, there appears to be growing disagreement between the Americans and the European Allies with regard to future missions and in particular the role of the alliance as a means of responding to global threats to American interests.[29]

With the end of the Cold War, the US military presence in Europe has been dramatically reduced by 50 percent, due to NATO's shrinking defense needs. The end of the Cold War therefore highlights both the extent and the limits of American power. Because, traditionally, the US provided about 18 percent of NATO's active duty man power in Central Europe. And over the next few years, the US will be significantly reducing its military forces in Europe, from their late 1980s strength of about 300 thousand troops.

Hence the future US military presence in Europe should be determined only on the basis of careful analysis. The proper approach is to assess future force requirements as a function of US goals on the evolving situation in Europe, NATO's defense strategy, and appropriate military mission in peace, crisis and war. Using this theory of requirements, judgements can then be made about force commitments, which in turn can permit decisions on manpower levels. Faced with these complex trends, virtually no European nation wants US military forces to depart the continent in some wholesome way. The NATO allies are broadly comfortable with the withdrawal of about one-half of US forces, but fear of the worst if the US were to disengage entirely. Caught between an increasingly

[29] *ibid., p. 25*

assertive Germany and a potentially turbulent Russia, while facing internal troubles, the fledgling democracies of Poland, Czechoslovakia and Hungary, all see high value in the continued American military presence. If anything, their collective preference would be to establish strong bilateral with the US while joining both NATO and the EC. Moreover, the attempt to forge a common military and foreign policy for Europe would be an additional source of conflict among the member nations. European countries differ in their national ambitions and in their attitudes about projecting force and foreign affairs.[30]

Although the European nations could now more easily pursue an independent foreign policy and military strategy, they are clearly hampered in doing so effectively by the decentralized political structure of Europe. Chancellor Conrad Adenauer summarized the situation in stark terms for French Foreign Minister Christian Pinneau on the day in 1956 when England and France gave into American pressure to abandon their attack on the Suez Canal: "France and England will never be powers comparable to the United States and the Soviet Union. Nor Germany, either. There remains to them only one way of playing a decisive role in the world: that is to unite to make Europe. England is not ripe for it but the affair of Suez will help to prepare her spirits for it. We have no time to waste: Europe will be your revenge".[31] That was a year before the Treaty of Rome launched the Common Market.

In March 1997, on the 40th Anniversary of the Treaty of Rome, France and Germany announced their desire to see a merger of the EU with the existing military alliance, the Western European Union (WEU), so as to strenghten the

[30] Martin Feldstein, "EMU and International Conflict", *Foreign Affairs*, November-december, 1997, p. 71

[31] Quoted in Henry Kissinger, *Diplomacy* (New York: Simon and Schuster, 1994), p. 547

military coordination of Europe nations outside the NATO framework. An explicit agreement was reached with the US that allows the European members of NATO to use European NATO forces and equipment under European control without US participation.

US Intervention in European Defense in the 1990's:

During NATO's first four decades of existence, the alliance's formal strategy passed through at least four distinct phases. The principal objectives of NATO military preparations remained virtually constant: to preserve the political integrity and territorial status quo of Western Europe by preventing Soviet political intimidation, deterring aggression, and defending the region by arms if necessary, but each of the other main elements of NATO strategy – its portrayal of the military threat, the indicated military

responses, and force requirements, varied over the years, often substantially. The evolution of NATO military strategy and the role it has assigned to conventional forces can be largely understood in terms of the variables emphasized by the balance-of-power and intra-alliance perspectives.[32]

Of even greater significance for NATO's conventional force posture were the political revolutions that shook the Soviet Union and Eastern Europe after 1988. These changes, any of which would have been inconceivable just a few years if not months before, put a definitive end to the postwar East-West confrontation in Europe. Consequently, they largely eliminated the traditional rationale for the very

[32] John S Duffield, *Power Rules: The Evolution of NATO's Conventional Force Posture* (USA: Stanford University Press, 1995), p. 235

existence of the Atlantic alliance. The first change in this historical transformation was the demise of communist regimes throughout Eastern Europe in 1989.[33]

The next significant change in the European strategic landscape following the revolutions of 1989 was German unification. Unification was tantamount to the wholesale absorption of East Germany by its Western counterpart. As a result, the East German military, previously 170,000 strong and regarded as "the most effective East European armed force", disappeared in one fell swoop. The final stage in this remarkable series of events was the breakup of the Soviet Union itself, which took place with equally remarkable speed during the second half of 1991.

In sum, NATO's new grand strategy contained a much-reduced military component. With the end of the traditional threat to Western Europe, military means were no longer appropriate for addressing the alliance's principal security concerns.[34] The sharp decline in alliance conventional force levels after 1989, however demonstrates the limits of the institutional perspective. For the first time in many years, NATO's conventional force posture varied directly in response to changes in the alliance's external environment, as the balance-of-power perspective would predict.[35]

The European summit at Helsinki in December 1999 saw a striking double success for American diplomacy. First, assiduous lobbying from the Clinton administration combined with strong Congressional pressure to ensure that the Common European Security and Defense Policy neither duplicated NATO nor threatened to undermine it. The earlier EU summit at Cologne in June 1999, held under the distractions of the final phase of the air war against Serbia, had resulted

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[33] ibid., p. 258-262
[34] ibid., p. 274
[35] Martin Walker, "Variable Geography: America's Mental Maps of a Greater Europe", *International Affairs,* Vol. 76, No. 3, 2000, pp. 45-74

in a European agreement which troubled Washington as being inadequately Atlanticist, too Eurocentric, and wholly inadequate in defense budgets. Resolutions were passed in both House and Senate stressing the degree of US concern that the new EU policy should be explicitly Atlanticist, rooted in NATO's primary and adequately funded, and should take full account of the NATO members that were not also within the EU. This US pressure had its effects. The Helsinki summit agreed that 'NATO remains the foundation of the collective defense of its members, and will continue to have an important role in crisis management.[36]

The European defense structure in the post-Cold War era will now be affected with the enlargement of the NATO as well as the expansion of the EU. The argument that NATO expansion is important for "filling the vacuum of power" in Europe could easily be discarded on the basis that there is already a system of European security in place as a result of a system of treaties created by Presidents Reagan and Bush. And this system for the reduction of the reduction of both nuclear and non-nuclear armaments could be weakened by the enlargement of NATO, and NATO expansion does not seem as an equal, much less a better substitute.[37]

Another important category of potential costs to the US associated with NATO expansion are the direct costs of modernization, rearmament, and development of a military infrastructure, which will have to be paid by the US. The more NATO expands towards the East, the greater is the likelihood of an increased US presence in the region. Among the voices disapproving of NATO enlargement originated from US foreign policy scientists, one of the most important is that of

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[36] *Ibid., p. 462*

[37] Ljubisa Adamovic, "Economics aspects of the expansion of NATO", *Review of International Affairs,* Vol. XLIX, Belgrade, 1998, pp. 15-22

Professor Michael Mandelbaum.[38] Opposed to NATO expansion, Mandelbaum is strongly supportive of the G Kennan's position that NATO expansion is "the most fateful error of American policy in the entire post-Cold War era".

With the Cold War ended and European security affairs undergoing a profound upheaval, the future military presence in Europe has emerged as an important issue. Hence, over the next few years, the United States will be significantly reducing its military forces in Europe from their late 1980s strength of about 300,000 troops. But the issue is, how far should this drawdown go and how many troops should be left behind in Europe now that the Cold War is over. The proper approach is to assess the future force requirements as a function of US goals and the evolving situation in Europe, NATO's defense strategy, and appropriately military missions in peace, crisis and war. Conversely, any wholesale US military withdrawal from Europe could leave still existing American nuclear commitments in Europe that are no longer credible to allies or adversaries.[39]

Over the long term, total withdrawal could contribute to the emergence of a highly unstable and competitive multipolar security system. In particular, if the US is to withdraw troops from Europe, it might somewhat weaken US influence and leadership capacity in NATO. Moreover, the hegemony that has been underwriting Europe's dependence on America can never be ended, because, Europeans have grown so dependent on it.[40]

This weakening, in turn could produce undesirable trend in NATO's command structure, coalition plans and military strategy. To an important degree, NATO probably would become more dominated by West European Perspective

[38] Michael Mandelbaum, "Bigger isn't Better", *The Wall Street Journal*, July 9, p. A14
[39] Richard L Kugler, n. 13, p. V-X
[40] David P Calleo, n. 1, p. 217

and priorities. Whether NATO would remain a vigorous alliance is uncertain, but in all likelihood, it would not emerge with the kind of defense preparedness and flexible strategy that the United States prefers and the situation requires. If so, damage of some magnitude to NATO's traditionally important objectives of deterrence, defense and the control of escalation – all to the detriment of peace, security and stability in Europe.[41]

During his presidential campaign, President Bush (jr) pilloried the Clinton administration for its supposed mishandling of the nation's armed forces. Alleging that US troops were no longer ready to respond to major conflicts, Bush opined against the overdeployment of US forces abroad, especially in Europe for European affairs. But then, pulling all US troops out of the region would fly in face of the lessons learned from the consequences of America" delayed participation in the two world wars and in the Bosnian war of 1992-1995.[42] But as of now, it is too early to predict things. Germany is showing signs of gaining power again. So it is unlikely that the US will leave Europe alone. Moreover, the British had always had a soft spot for the Americans. And except for France and Germany, the rest of Europe has an inclination to follow the Americans. Hence, the conclusion as of now is that the US forces should stay in Europe for sometime at least. The conflict in the Balkans has still not been solved. And since Europe looks too divided to solve this sensitive issue, US forces should take charge of the situation.

[41] Richard L Kugler, n. 13, p. 134
[42] Michael O Hanlon, "How to downsize US Deployments Abroad", *Foreign Affairs*, Vol. 80, No, 42. March-April, 2001, pp. 3-8

"The fluidity of nations poses a problem for a system of states, whatever form this system takes. For States, if they are to exercise sovereignty over a territory must have fixed borders, they must divide up the world's territory and population into ultimately exclusive entities".
Thompson (112: 181)

CONCLUSION

For all the rhetoric of the Republican Party about a more "Americanist" approach to foreign policy, the United States needs partners in global diplomacy. Unilateral decisions carry costs. Even if they are successfully imposed on foreign states, they build up resistance to cooperation in other area where US interests are at stake. Multilateral leadership requires negotiation and compromise with partners who respect American leadership and whose contributions American policymakers respect. America's most dependable partners are the democracies in Europe (EU) and NATO. With economic and political reform in Japan still blocked, and with the Association of Southeast Asian Nations weakened by the 1997 financial crisis and incomplete democratization, Europe remains the indispensable partner without which American global leadership becomes unilateral.[1]

Transatlantic relations in the last decade have centered on redefining the US-European partnership for the post-Cold War world. The most striking characteristic of the relationship today, however, is continuity rather than change. The gloomy predictions of American realists – that Europe without the two controlling superpowers would dissolve

[1] William Wallace, "Europe, the Necessary Partner", *Foreign Affair*, Vol.80, No.3, May-June 2001, pp. 16-33

into anarchy – have proven entirely mistaken. NATO not only has survived but also has developed new tasks and attracted new members. The EU had expanded its mandate and its membership and is now negotiating with 12 more applicant states. For all the advances in transatlantic cooperation, however, the common perception is of an increasingly fraught relationship. Those policymakers who recognize the overriding imperatives of shared interests in an open economy and a stable international order struggle against a tide of hostile comment in the media and in national legislatures. Five reasons can now explain this gap between perception and reality.

First, having implied an implicit bargain in the late 1940s that underpinned their relations in the postwar era, Americans and Europeans now define burden sharing and partnership differently.

Second, an American overemphasis on political and military issues, and in particular, a search for new potential enemies, has met a European over emphasis on economics. Hence, perceptions of threats have diverged sharply.

Third, a widening disjuncture over values has opened. European elites criticize aspects of American society, and American elites vigorously reject such criticism. Assertions of American exceptionalism particularly irrate Europeans.

Fourth, policy making on both sides has become more unwieldy. Divided centers of authority and multiple veto-wielders complicate multilateral cooperation. Yet, there is a mutual unwillingness to recognize the structural weaknesses within one's own system while criticizing problems on the opposite shore.[2]

[2] ibid.,p.17.

The transatlantic partnership under American leadership promoted for the last half-century an open world economy and a relatively stable global order. That partnership again needs redefinition to accommodate the EU's strengthening capabilities, the imminent prospect of an expanded EU, the enlargement of NATO, and the distinctive foreign policy interests of North American and European states. Humility on both sides about defining the terms of partnership, political leadership at home and abroad, and mutual toleration of each other's institutional weaknesses will be required. Before distracted politicians on both sides rehearse their mutual complaints again, political leaders must seize the opportunity to explain to each other – and to each other's public – why a more balanced partnership is necessary. Not only is this in their own national interests, it is crucial for the stability and prosperity of the post-Cold War world.

The long and sad story of the EU's Common Agricultural Policy, the hesitant treatment of postsocialist regimes pressing for early enlargement, and the setbacks in the ratification of the Maastricht Treaty all have their counterparts in the US policy. American administration officials propose grand initiatives to their European partners, but they cannot guarantee carrying any multilateral outcome through Congress. To Europeans, Congressional assertiveness masks executive weakness and an inability to provide the leadership at home that US administration claim abroad. The entrenched representation of small European states in Brussels policymaking builds in similar obstacles to coherent European foreign policy.

Both the United States and Europe need multilateral cooperation to manage their intricate web of economic interdependence. And the two sides do cooperate, actively and on a wide range of issues. But much of that cooperation – too technically detailed and complicated to make good copy for the press – is

invincible to the politicians and the public. It is only when disputes flare up, or when failures in coordination break management down, that parliaments and the press pay attention with cries of betrayal and accusations of foreign interference.

No doubt, the United States and the US needs each other. Neither can handle the problems of Russia on its own, or those of the unstable Mediterranean, Caucasus, and greater Middle East. The United States wants European governments to play a more active role in diplomacy in Asia; Europe wants the United States to be more active in sub-Saharan Africa.

The world's two largest economies need to monitor shifts in the global economic balance and work together to smooth out the bumps. Europeans and Americans do share political and social values. The American investment in building postwar Western Europe paid off. This success was greatly assisted by the immense prestige of American democracy and the US market economy. Significant transatlantic differences did persist, but the contrast with authoritarian socialist regimes provided a solid foundation for shared Western values. But there was criticism from the Europeans on the weaknesses of American domestic society and law, which led to divergence between America's perception of its moral leadership, and the European perceptions of the United States as a flawed superpower. This was further compounded by the growing bitterness of partisan politics in Washington. Competing claims to superior social and economic models could also well deteriorate into competing anti-European and anti-American rhetoric.

The launch of the euro also prompted some European bankers and finance ministers to claim vindication of Europe's approach to economic and social change. A shift in the euro-dollar rate, combined with rises in employment and

economic growth within the EU, may well provoke outbursts of European triumphalism and claims of victory for the social market over the free-market approach.

Therefore, transatlantic relations would benefit better from a process of moral disarmament, in which both sides moderate their rhetoric and their attacks on each other's failings. American leadership of Western alliance also depends on its ability to persuade its partners to accept its foreign policy rationale. After all, now that the Cold War is past, the United States needs NATO as much as its European allies do. The underlying and constant American presuppositions is that the United States is a benign hegemon – and that the Western alliance can work well if Europe accepts this hegemon's leadership. The United States now acknowledges the EU as an economic partner, but the idea of sharing leadership in political and military matters has yet to gain acceptance in Washington. American policy makers thus continue to give their partners contradictory signals, calling on them to shoulder more global economic responsibility while refusing to trust them to develop an autonomous political and military capacity or to pursue different foreign policy priorities.

American criticism of European incoherence in foreign and defense policy is better justified, notably in the Bosnian tragedy. European rhetoric in 1991 that "the hour of Europe" would soon ring hollow, as did the 1992 Maastricht Treaty's assertion that "a Common Foreign and Security Policy is hereby established". Tragically, the domestic pressures in Germany forced a hasty recognition of Slovenia and Croatia without any accompanying plans to help consolidate their independence, protect minority rights, or address the bloody ramifications for Bosnia.

The Balkan crisis provided a painful lesson in the problems with collective foreign and defense policy making for the EU. Successive US administrations have also called for political and security partnership while obstructing moves toward a "European caucus" within or outside NATO. One telling example was the Senate resolution on NATO enlargement, which reasserted "an ongoing and direct leadership role for the United States in European security affairs" while demanding that the responsibility and financial burden of defending the democracies of Europe be more equitably shared. American Euroskeptics accuse the European allies of being free riders on American provided security. True, European NATO members only spend the equivalent of 66 percent of the US defense budget. But there is increasing irritation that what Congress and the administration really demand is that the Europeans pay for US hegemony. Henry Kissinger's response to Western Europe's first step towards foreign policy coordination, at the Helsinki Conference on Security and Cooperation on Europe in 1972-1973, was to demand that American representatives sit in on all consultations among European nations.

While American foreign policy makers complain about the chaos of different institutions in Brussels and clashing national interests among European states, Europeans have to grapple with the confusion of competing power centers in Washington. On the other hand, Europeans see American foreign policy making crippled by the wide gap between the professional elite and Congress and by another comparable gap between Congress and public opinion. Such gaps emerged partly from the post-Vietnam and post-Iranian Revolution traumas that still hang over American politicians, and partly from the lobbies that wield in Washington politics.

The Washington elite is also fond of sharply contrasting the clarity of American strategic leadership with the bumbling confusion of European allies. But Europeans struggling to balance their own domestic interests against those of their partners without antagonizing the United States, see a similarly confused alliance leader: a nation driven off track by domestic politics, trapped in a political cockpit where the constant pursuit of campaign contributions and specific lobbies threatens to overtake wider Western interests. Washington's approach to NATO enlargement – reversing its elaborately prepared Partnership for Peace initiative – produced major changes in American policy declared without warning in speeches to Polish-American and Baltic-American groups, while wildly differing estimates of enlargement costs became ammunition for interagency politicking. And much of the funding for the US Committee to expand NATO was provided by armament companies that hoped to sell US weapons systems to new member states.

To this day, the United States calls for greater collective European action but insists on American approval before any joint European initiative, especially in security matters. American policymakers decry the European culture of dependency on US leadership while insisting in the same breath that it continue. Without defending that dependency, the confusion of Brussels institutions, or the ever-irritating differences of style among leading European governments, one must address the inconsistencies in American thinking rather than rehash the familiar deficiencies of European cooperation.

Intense economic relations but weak political contacts characterized transatlantic relations in the late 1990s. Yet, an effective US – European political partnership across a wide range of policy areas is essential to global order and the world economy. Those in

Washington who depicted the Asia-Pacific region as representing America's future and Europe its past must recognize after the eruption of the Asian crisis that the European allies – with all their evident flaws and weaknesses – are the United States' most dependable partners, sharing American values and burdens.

The survival of the transatlantic partnership forged under the exceptional circumstances of the Cold War should not be taken for granted. There is a danger that monetary union will alter the balance of the Atlantic relationship and force further political integration among EU member states. Smaller steps toward integrating EU foreign policy – such as the reorganization of the European Commission's directorates-general for external relations into a coherent group and the transformation of the role of the EU Council's secretary-general into a post akin to that of the NATO secretary-general – may also appear to strengthen Europe and threaten American interests. Detailed negotiations for eastern enlargement of the EU are bound to involve compromises that some American enterprises will see as adversely affecting their interests. Different domestic constraints will pull European and American policymakers in opposite direction on issues ranging from global warming to food additives to genetically modified foods. Hence, the United States does not need grand transatlantic redesigns.

Instead, it must integrate its relations with the EU and the NATO and accept that a European caucus within NATO is in America's long term interest. American resistance to the formation of an EU identity within NATO will only rekindle European interest in an eventual EU military alliance outside NATO.

The most important factor that distinguished the transatlantic partnership from every other international relationship was that, it was above all, a community of shared values. Both partners stand for and uphold the principles of democracy

and the rule of law, human rights and the market economy. If these values were adopted on a global scale, they could make an important contribution to world peace and prosperity. Yet, transatlantic relations have also changed against the background of global developments. Although this is evident in all areas of transatlantic relation, the greatest transformation can be observed in the filed of security policy. Above all, the threat to security policy is fundamental different today. The constraint, which was applied in the past, has lost its relevance, and the pressing need for cooperation appears to have diminished. The intensive and multi-faceted relationship which existed in the post-War period can no longer be taken for granted. And at the same time, the balance of influence between the two transatlantic partners has shifted. Given the new definition of security, which focuses increasingly on achieving a balance of prosperity, democracy at national levels, political equality of ethnic minorities and preventive diplomacy, less importance is attached in relative terms to nuclear deterrence. As a result the balance of influence between the transatlantic partners is becoming more evenly distributed.

Inspite of all this new changes in the transatlantic relations, the Europeans' clear and fundamental interest in maintaining a security partnership with the US has not changed: the US continues to be an indispensable partner for European security. In particular, the US's leadership role is still necessary in resolving European crisis, as Bosnia has shown. The Europeans will continue to be reliant on the US for resources and logistics, communications and reconnaissance in the long term. With the disappearance of the blocs however, the US's security policy interests in Europe has changed. Its basic

geopolitical interest in maintaining stability on the other side of the Atlantic – Europe as its most important trading partner outside the North American Continent – will continue in the long term. However, as there appears to be no immediate threat to this stability, the US is able to reduce its commitment from post-war levels and focus on more targeted interests.

Therefore, in order to ease the burden on the US and thus further safeguard its continued presence in Europe, as also to reflect the European's increasing influence in light of growing moves towards a common foreign and security policy, the Europeans must take on a greater share of responsibility within the alliance. An effective division of responsibilities must be based on two things: firstly, a commitment to equal partnership and, secondly, continuos and open dialogue between the two transatlantic partners. And an equal partnership will require the US to relinquish some of its responsibilities. However, this would also ease some of its burden. In an increasingly interconnected world, in which a world power like the US is losing its scope to shape developments on its own, those states which have hitherto acted primarily on a unilateral basis must now be prepared to compromise and reach joint agreements if they are to be successful.

From a European perspective, the US still has some ground to make up in terms of the experience of multilateral integration, which the European states have acquired over recent decades within the European Union. The Europeans, in their turn, must create the conditions, which enable them to take on more responsibility. They can only expect to be acknowledged by the EU as an equal partner if they speak with one voice.

The most important challenge facing the alliance in the post-Cold War era is the reshaping of Europe's system of security policy and the opening of NATO to

the East. The 1997 decision on enlargement was thought to give NATO a new mission to replace that of containing the USSR. But enlargement may plausibly be seen as evidence of either withdrawal or internationalism.

On the one hand, the new members are convinced transatlanticists for very traditional reasons: they seek the deterrent value of security guarantees. And this will strengthen the position of transatlanticism within the alliance. On the other hand, despite the optimistic cost projections produced during the ratification process, enlargement may well be expensive. Someone will have to pay for it. Committing resources to regional expansion may well limit the resources major European states can make available for broader international engagements. Regional 'internationalism' may therefore, favour withdrawal in terms of Europe's involvement in 'world affairs'.

Therefore, the process of enlargement, along with the reform of EU institutions and the effort to implement the monetary union, is likely to strengthen the regionalizing trend. NATO appears to be reasonably strong, as does the European commitment to the transatlantic relationship with the United States. The enlargement process may well strengthen the transatlantic alliance further by bringing in new members strongly committed to the transatlantic link and perversely, by possibly resuscitating a major security threat. On the other hand, depending on how issues of finance are handled, and on the effects of enlargement on NATO decision-making, the process may be conducive to disagreement while undercutting the alliance's capacity for action. But the role of Europe in international security, like that of NATO out-of-area, depends significantly on the perspectives and policies of the United States. European internationalism depends on that of the United States.

"Only the most ardent pessimists worry about old animosities and rivalries resurfacing to make war a real possibility again".

- John J Mearsheimer.

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