

TRANSWORLD

THE TRANSATLANTIC RELATIONSHIP AND THE FUTURE GLOBAL GOVERNANCE

ISSN 2281-5252

WORKING PAPER 03 | SEPTEMBER 2012

Despite recent perceptions that the end of the Cold War deprived the transatlantic partnership of its central rationale, successive American administrations have faced the challenge of reassuring European leaders that they share common interests in the international arena. Europeans have alternated between full embrace of US views, voicing limited disagreement on certain issues, and occasional episodes of acute discord. Disagreements over China, nuclear strategy,

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monetary policy, trade, development policy, amongst others, caused hand-wringing in Washington and European capitals long before 9/11 and the invasion of Iraq. This is not to suggest that structural change in the international system, including the rise of the BRICS and a shift in US interests toward Asia, should be discounted, but does warrant caution in asserting that the transatlantic relationship is now transitioning to an unprecedented path.

Transworld is supported by the
SEVENTH FRAMEWORK PROGRAMME



The Evolution of the Transatlantic Partnership

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European integration

Transatlantic relations

NATO

Introduction

The Transworld project suggests three possible scenarios for the future of transatlantic relations:

1. The transatlantic relationship is drifting apart.
2. The transatlantic relationship is evolving along a pattern of functional cooperation.
3. The transatlantic relationship is transforming towards a different but enduring partnership.

The Transworld project calls attention to this era of “global flux” in which transatlantic relations “appear to have lost their bearings. Yet American and European scholars and policy-makers have perennially called for improved transatlantic relations in the security, diplomatic and economic sphere, and frequently bemoaned a lack of progress in one or more areas. Indeed, there is a recurring pattern of cooperation, tensions and conflict in much of the transatlantic literature over the past half century. Scholars have characterized this relationship with images of an entangling alliance, an enduring partnership, a strained alliance, and a shoulder-to-shoulder effort to mold the international system (Serfaty 2005, Kopstein and Steinmo 2008, Hamilton 2010, Anderson, Ikenberry and Risse 2008, Lundestad 1998, Joffe 1987). The crucial question for this project, and for the relationship, is whether that prior experience is being repeated now, or are new factors creating a decisive break from the past?

This paper provides a historical review of the transatlantic relationship - from its origins to the present. In presenting this history, we argue that there has never been a “golden age” in the transatlantic relationship. Using the lens of the three Transworld scenarios, we highlight how the transatlantic relationship has a history of drifting apart, evolving toward new patterns of discrete functional cooperation, and transforming to a different form of partnership (which by definition is enduring). Rather than choosing a single scenario, we draw on all three and argue that today’s challenges are more a continuation of the past than a new departure.

1. The Creation of the Atlantic Alliance: 1945-1950

In 1943, as World War II was winding down in Europe, US President Franklin Delano Roosevelt sought to rid the world of power politics and to establish a new world order through the creation of the United Nations. By Fe-

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bruary 1945, the same year the UN Charter was signed, the Yalta negotiations presented two competing visions of Europe: a US vision where matters in Eastern Europe could be settled through tri-partite agreement, and a Soviet vision of two spheres of influence in Europe. In time, the latter vision won (Cromwell 1969 and 1992).

By the July 1945 Potsdam Conference, the Soviet Red Army controlled much of eastern Europe. British Premier Winston Churchill, who never shared Roosevelt's optimism over Soviet cooperation, warned of an "Iron Curtain" descending over Europe (Churchill 1946). The new US President, Harry Truman, was also concerned over Soviet expansionism, as evidenced by Joseph Stalin's unwillingness to withdraw his troops from Iran before the war's end (Lenczowski 1990: 7-13). This American view was articulated more fully in 1946, when George Kennan, the minister-counselor in the US embassy in Moscow, wrote his famous "Long Telegram". Kennan warned that the Soviet Union was not interested in peaceful coexistence and that the best means to address the Soviets would be through a long-term strategy of containment (Kennan 1946).¹ Thus, it was fear of an expansionist Soviet Union, rather than historical and cultural ties, which brought the United States and Western Europe together in the post-World War II era.

At the same time, ideationally Western Europe and the US risked drifting apart. While the US government altered its worldview, the European governments took an ideological shift to the left. In Greece, the military branch of the Greek Communist party engaged in a civil war with the Greek army, backed by the UK. In 1947, when the United Kingdom announced it could no longer provide financial and military support, the US administration grew increasingly concerned that Greece and Turkey would be susceptible to a Soviet take-over (Jones 1955, Barnet 1968). In March 1947, Truman went before Congress to request military and economic aid for the two countries. In explaining the so-called Truman Doctrine, Truman (1947) argued that a primary objective of US foreign policy was "to help free peoples to maintain their free institutions" and to resist totalitarian regimes that would "undermine the foundations of international peace and hence the security of the United States. The USSR was thus to be "contained" and Europe became an important ally in the "Cold War" between the United States and Soviet Union (Lippmann 1947).

The first steps in building a new transatlantic partnership were focused not on military strategy, but on economic reconstruction. In August 1947, Secretary of State George Marshall announced his Marshall Plan for Europe - a long-term project in which Americans would grant aid for regional European cooperative activities to promote economic self-sufficiency. While nominally open to all European countries, the Marshall Plan was designed to promote integration within Western Europe. The Organization for European Economic Cooperation (OEEC) and the European Payments Zone (EPU) were formed with 16 Western European countries, including the western German zones (DePorte 1979: 135).

While neither the United States nor Europe were ready for a security alliance in 1947, changes on European soil prompted a further deepening of the transatlantic relationship. In March 1947, France and the United Kingdom signed the Anglo-French Treaty of Dunkirk, allowing for a mutual defence arrangement between the two countries. A month after the failed Czech coup, the Treaty of Brussels was signed in March 1948 that brought the Benelux countries into the alliance. The Brussels Treaty was the first step in a "transatlantic bargain" - a "down payment" with Washington - to demonstrate European willingness to organize in self-defence. The second half of the bargain was an American nuclear security commitment to Europe (Sloan 1985: 4). The Truman Administration's "Vandenberg Resolution" called for mutual defence pacts. Spurred on by the Berlin blockage in June 1948, the US entered into an agreement with ten European governments and Canada to create the North At-

¹ The argument would later be expounded in July 1947 to the broader US policy community in his *Foreign Affairs* article, signed by Mr. X. See Kennan 1947.

Atlantic Treaty on April 4, 1949. The treaty signaled a radical departure for the United States as the first peacetime alliance between the US and any European country since the latter part of the 18th century.

Thus, the period between 1945 and 1950 saw the creation of a new transatlantic alliance largely borne out of fear of a perceived external aggressor, the Soviet Union. The US-European relationship was less a partnership based on shared values than an uneasy dependence on a superpower. The United States had emerged after World War II as an economic, political and military powerhouse. Western European countries, instead, were consumed with economic crises and crumbling colonial empires. From 1945-49, the British were preoccupied with India and Palestine; the Dutch with Indonesia; and the French with Madagascar, Morocco, and Vietnam (Grosser 1980: 90-95). The Americans argued with the British over Palestine; challenged the Dutch by supporting Indonesian leaders who suppressed a Communist-led rebellion; and chided the French by calling for the “gradual evolution of dependent peoples toward self-government (Grosser 1980: 93). The Atlantic Alliance proved even more troubling for the French over the unresolved status of Germany (Grosser 1980: 60). For France, US military assistance was necessary for the dual threat facing Europe: from both the USSR and Germany. Debate over the “German question” continued through the end of the decade where French concerns were met by the US priority of promoting an economically and militarily secure Western Europe.

While coming closer to one another, there was little “partnership” or “functional cooperation” in the early years. Europeans were reliant on the emerging superpower for both their economic and military security, but it was an arrangement where the US led and the Europeans largely followed.

2. The 1950s: Falling Apart, Coming Together, and Searching Anew

With the Soviet entrance in the nuclear club in September 1949, the Truman administration realized that its reliance on a nuclear deterrence capacity would soon erode. The US National Security Council’s policy paper, NSC-68, suggested that Soviet military force was capable of overrunning most of Western Europe and called for “a rapid build-up of political, economic, and military strength in the free world (Sloan 1985: 80-81, Acheson 1969). In fact, the Alliance’s conventional troops in Europe were badly outnumbered by the Soviet forces. The Europeans, however, were reluctant to expand their conventional forces in Europe given the resources needed to address both their domestic economic recovery and their dwindling overseas empires (Nathan and Oliver 1989: 108).

The Korean War in June 1950 prompted a reevaluation of the European and American partnership, playing a critical role in militarizing Europe, securing a greater role for NATO, and globalizing containment (DePorte 1979: 140). On September 9, 1950, President Truman announced that the United States would substantially increase its troop levels in Europe, with the understanding that the European allies would do likewise. Implicit was the need to rearm western Germany to balance Soviet power in Europe (Sloan 1985: 10). That same month, NATO approved the Forward Strategy for the defence of Europe, that created an integrated military force under a centralized command structure (the Supreme Allied Commander Europe or SACEUR), with the potential for German troops in the allied force (Nathan and Oliver 1989: 109). The French - who continued to reject a German military force - countered by proposing the creation of a European army with a token number of German units. The “Plevin Plan” outlined the creation of a European Defence Community (EDC), which the French National Assembly approved in October 1950 (Sloan 1985: 11). When no European country had ratified the EDC Treaty by 1953, Secretary of State John Foster Dulles noted that if the EDC did not move forward, the US would be compelled to make an “agonizing reappraisal” of its commitment toward Europe (Dulles 1953). Whether despite or because of strong US pressure, the French National Assembly voted against treaty ratification in August 1954.

Following the failed EDC, the United States, together with the British, quickly came up with an alternative means to bring Germany into the alliance. Following a series of high-level meetings, it was agreed that West Germany and Italy would be admitted to the Brussels Treaty and renamed Western European Union (WEU); and West Germany would be admitted to NATO while becoming an independent state. The ratification of the Paris Treaties in May 1955 ushered in the formal recognition of the Federal Republic of Germany - and the consolidation of the European continent into two separate blocs.

American efforts to strengthen Western Europe's contribution to its defence, while lessening its reliance on American military power, failed. By 1954, the conventional force shortfall resulted in NATO embracing a nuclear reliance strategy as Europeans became more dependent on American nuclear strength. US troops stationed in Europe served as symbols of the American commitment to the alliance. Thus, any US administration's attempt to reduce such the troops could be construed as weakening the transatlantic partnership.

The allies' actions outside of Europe also proved challenging to the transatlantic alliance. The 1956 Suez Crisis brought US-European tensions to the fore. In May 1956, Egyptian President Nasser announced that Egypt would nationalize the Suez Canal (Dietl 2008: 273-274). The Anglo-French response was to join forces with Israel to take military action against Egypt. President Eisenhower and Secretary of State Dulles were opposed, fearing that military action might tilt Nasser toward the Soviets. The American administration went so far as to sell a significant amount of its pound sterling holdings, thus disrupting the British economy. The British, French, and Israelis agreed to a ceasefire, but not before the damage was done to NATO's cohesion. For the Europeans, the Suez Crisis represented a "spectacular humiliation of Great Britain and France by their American partner" (Grosser 1980: 98).

By the decade's end, transatlantic relations had endured a number of challenges. Europeans and Americans clearly had competing visions of the Soviet Union and the wider world. There was a growing resentment on both sides - with Americans frustrated over the limited military contributions of its NATO allies, and Europeans resenting their dependence on the Americans.

Against this backdrop, Europe itself was changing. The 1955 Paris Treaties redrew the European physical map with the creation of West and East Germany. At the same time, European integration deepened. In May 1950, the French Foreign Minister proposed a European Coal and Steel Community (ECSC) that would remove Europe's war-making capability under a supranational European authority (Dinan 1994: 19-25, Gillingham 1991). ECSC founder Jean Monnet viewed the community as an effort to create a political union through economic integration. On April 18, 1951, six countries - France, West Germany, Italy, Belgium, Netherlands, and Luxembourg - signed the Paris Treaty establishing the ECSC. With the treaty coming into force in July 1952, the embryonic phase of a united economic Europe began.

The relative success of the ECSC, the failure of the EDC, and the 1956 Suez crisis prompted the European countries to refocus their energies on the European project. The result was the 1957 Treaties of Rome, which created two new communities - the European Economic Community (EEC) - with a common market and a common external tariff - and the European Atomic Energy Committee (Euratom). In line with Jean Monnet, Belgian Foreign Minister Paul-Henri Spaak, also viewed the EEC's creation as "a stage on the way to political union". For a Europe which was both geographically and figuratively between superpowers, the EEC offered its members their own political and economic voice.

The 1950s thus saw significant transatlantic cooperation in the defence realm, despite different perceptions of threats, capabilities, and purpose. Rather than “drifting apart”, the fragile partnership faced true tests of its endurance. The nascent alliance was able to adapt to German rearmament, albeit in a manner that brought discord and frustration. The decade also sowed the seeds of the European Community - an entity that would challenge US-European relations, while enabling Europe to emerge as a “partner” in the alliance.

3. 1960s: Redefining the Partnership: Grand Designs and the Competing Visions

In 1961-1962, US President John F. Kennedy’s articulated a new vision of the transatlantic relations, a Grand Design with Europe being “a partner with whom we can deal on a basis of full equality” (Kennedy 1962, see also Kraft 1962). This new transatlantic partnership based on “two separate but equal entities” recognized the growing economic strength of the European Community, where international trade had grown by 50 percent between 1958 and 1960 (Dinan 1994: 46). Yet, as noted in his July 4, 1962 speech, Kennedy was also calling on Europeans to share the burden of ensuring free trade and security in the Western world (Kennedy 1962). Kennedy’s vision saw Europe playing a greater role in Cold War defence matters, but not diminishing American leadership in defining the broader economic, political and military agenda (Etzioni 1964). This vision contrasted sharply with French President de Gaulle, who called for Europe’s independence from the United States (Grosser 1980: 180).

The United States was not the only superpower to take note of Europe’s economic growth. The Soviet Union became concerned about the prospect of a united, economically prosperous European Community not because it would curb Soviet expansion plans per se, but because the attractiveness of Western Europe could threaten its own grip over Eastern European countries. West Berlin attracted thousands of young, skilled East Europeans who crossed into Western Europe through the western zones of the city. The Berlin crisis erupted when East Germany began erecting the Berlin Wall in August 1961 to stop Eastern Europeans fleeing to the West. The confrontation between US and Soviet tanks at Checkpoint Charlie in October proved to be one of the most important superpower confrontations during the Cold War.

The Berlin crisis was instructive for Europeans for a couple reasons. First, it demonstrated the American willingness to accept the status quo between East and West, instead of challenging the Soviet Union. Second, it questioned the credibility of American and NATO defence strategies that relied on a relatively small number of conventional troops in Europe, coupled with the American nuclear security commitment. The US’s “massive retaliation” doctrine emphasized the American willingness to unleash its nuclear arsenal against an aggressor. But what if the aggressive action was taken against, say, Berlin? Would the US’s “all or nothing” nuclear approach result in the destruction of New York, Detroit, Los Angeles, or Chicago? (Kissinger 1957). The NATO “forward strategy” doctrine - the plan for NATO conventional forces to hold the Red Army at the Elbe River while the Strategic Air Command attacked Russia with nuclear weapons - was similarly problematic. The credible threat of fighting a limited war was undercut by the relative weakness of NATO conventional forces. The question again became whether the United States would be willing to use its nuclear force - and potentially face massive nuclear retaliation - for less vital interests, such as checkpoints in Berlin (Spanier 1977: 140-141).

In the post-Sputnik era, President Kennedy and his administration addressed the “deterrence gap” through the “flexible response” doctrine. Instead of relying on an all-or-nothing nuclear attack, this strategy relied on a continuum of military capability and responses. The European allies - and in particular, the French - were less supportive of the flexible response doctrine knowing that any military engagement would likely be on European

soil. The Europeans, who were still unwilling or unable to commit the resources for a major conventional force build-up, preferred a quick escalation up the flexible response ladder. Moreover, they were concerned that the doctrine would actually weaken deterrence in that the Soviet Union might engage in military action knowing the relatively high threshold expected before the use of strategic nuclear weapons. Given these differing views on flexible response, NATO did not officially adopt the doctrine until 1967, the year after the French left the military organization. The question of who held the decision to use the nuclear weapons was also a matter of concern for Europeans. Americans could not imagine giving others the authority to pull the US nuclear trigger. However, apart from the British, no European power had any nuclear force decision-making in the early 1960s.

Kennedy's Grand Design for transatlantic relations also included greater cooperation on economic issues (Kennedy 1962). The success of the EC's common market - which significantly expanded intra-EC trade - prompted the United States to be concerned that its own products would be kept out of the market. Kennedy pressed for Congressional approval of the 1962 Trade Expansion Act, which gave the administration authority to negotiate tariff reductions by 50 percent. This led, in turn, to the Kennedy Round of the GATT negotiations. Compared to the Dillon Round in the 1950s where the US was the principle supplier of key goods, the EEC was now less constrained in following the US lead (Pelkmans 1986: 86). As the US and EEC were now key trading partners, disputes would be disastrous for both. Thus, the GATT negotiations became focused on "Atlantic trade conflict management" (Pelkmans 1986: 86-87). Importantly, the Kennedy Round - which lasted three years - was the first time that the EEC had a joint delegation from the Commission that "spoke with one voice" (see, for example, Meunier 2007).

The transatlantic economic relationship was changing in other ways as well. The elimination of tariffs within the EEC and the imposition of a common external tariff prompted significant foreign investment in Europe and the massive installation of American firms in Europe. The 1,500 US subsidiaries in Europe in 1958 mushroomed to over 4,000 by 1966 (Grosser 1980: 221). The perceived "Americanization" of various industries led to protests in France (Servan-Schreiber 1968).

French President Charles de Gaulle resented the European military dependence on the United States, as well as the impact of the US on French and European economic matters. While de Gaulle personified these views, many of the concerns he raised resonated amongst other Europeans (Kolodziej 1974, Hoffmann 1974). His ambition for Europe was not a "Grand Design" in which the United States dictated the terms. Rather, de Gaulle wanted to create an independent Europe, with France at the helm. While De Gaulle was a strong supporter of the US vis-à-vis the Soviet Union in times of crisis, his vision of Europe challenged the Atlantic partnership. A key area where De Gaulle's vision of Europe differed from the US vision was NATO (Cromwell 1969). De Gaulle reiterated earlier French demands for tripartite leadership of the alliance, involving the United States, the United Kingdom, and France. When the US was unwilling to support such a directorate, France began a seven-year disengagement from NATO - renationalizing French naval contingents in the Mediterranean in 1959; announcing control of any nuclear weapons of French soil (resulting in the closure of US military bases) that same year; creating its own nuclear *Force de Frappe* in 1961; renationalizing naval contingents once assigned to NATO in 1964; and pulling out of the NATO organization (but not the treaty) in 1966.

De Gaulle also viewed West European integration as a means to reduce dependence on the Americans, and in turn, lessen European tensions with the Soviet Union. In 1960, France launched the Fouchet Plan, with the goal of creating an institutional framework for a common foreign and security policy that could counterbalance to NATO. The Fouchet Plan collapsed by 1962 when as a number of the smaller member states found the plan's intergovernmentalist focus incompatible with the supranational orientation of the EEC (Dinan 1994: 49).

The French president's most visible challenge to the US came when the UK indicated its interest in joining the EEC. The US championed the UK's candidacy, believing the British could counter de Gaulle's influence and promote a more open trade policy. The French president famously ended Kennedy's Grand Design by announcing the French veto of British membership at a press conference in January 1962. De Gaulle would veto the British entry a second time five years later in May 1967.

De Gaulle's influence waned in EEC affairs with the famous Empty Chair Crisis in 1965. France left the EEC negotiating table over the Commission's proposal to fund the CAP with its own resources and introduce qualified majority voting in limited areas. The "Compromise of Luxembourg" reached in January 1966 preserved the national veto, but the crisis underscored the differing views of the EEC within Europe. France's decision to withdraw from NATO a year later further weakened de Gaulle's leadership role in Europe.

With EEC decision-making machinery at a standstill and the United States preoccupied with a war in Vietnam, West Germany began looking to the East. German Foreign Minister Schröder initiated a policy of "small steps" between 1963-1966 to normalize relations with Eastern Europe (Hanrieder 1989: 178). The arrival of the Grand Coalition government with Christian Democrats and Social Democrats spurred on a new "*Ostpolitik*" from 1966-1969 (Brandt 1969). Foreign Minister Brandt's "détente" raised concerns in the alliance - notably the US, UK and France - that the Germans were loosening their ties to the West (Dinan 1994: 72-73).

Before the decade ended, the transatlantic partnership faced its own existential question. The year 1969 marked the 20th anniversary of the North Atlantic Treaty, which meant the member states, according to the treaty's escape clause, could leave the alliance. The transatlantic partnership, borne out of fear of Soviet expansionism, now faced a very different environment with Germany's *détente*. In 1966, Belgian Foreign Minister Pierre Harmel led a year-long study on "The Future Tasks of the Alliance" (Sloan 1985: 44-45). The Harmel Report, approved in December 1967, articulated a new fundamental purpose to the alliance. In addition to deterring aggression and defending the territory of the member countries, NATO could not ignore political solutions to East-West tensions.

Kennedy's "Grand Design" was more rhetoric than reality. It did reveal, however, an American awareness that Europe was a growing economic entity. This did not result necessarily in economic cooperation per se, but rather different patterns of interaction and conflict management between the US and EC. The Europeans, for their part, recognized that in light of Soviet nuclear parity, they could not simply rely on the American nuclear guarantee. Nor could they fully embrace a military doctrine that would require fighting a conventional war on European soil before events would prompt the Americans to deploy nuclear weapons. Both the French and the Germans pursued policies that often contradicted their American partner. This tendency was reinforced when the United States turned its attention toward the war in Vietnam. The alliance was not so much drifting apart as it was seeking its purpose in light of changing domestic and international circumstances. With the Harmel Report envisaging a possible political solution to the East-West conflict at the close of the decade, the transatlantic partnership had managed to redefine and reimagine itself.

4. 1970s: Détente, Deterrence, and Disarray

Détente proved to be the catalyst for greater European cooperation. French President Georges Pompidou called for a special EC heads of state summit in December 1969 to launch a new initiative. The leaders agreed to create two committees charged with developing proposals for European political cooperation (EPC) and

European monetary union (EMU) respectively. The summit produced the “Spirit of The Hague”, a sense that “the Community was once more on the move” (Dinan 1994: 73, see also Simonian 1985: 349).

A monetary crisis that began in the late 1960s - when the United States allowed more dollars in circulation than it had gold to back it up - demonstrated the continued economic interdependence between the US and Europe. With their currencies pegged to the dollar, Europeans were vulnerable to American monetary policy. In 1970, President Nixon, wanting to improve the US unemployment situation prior to the 1972 presidential elections, decided to keep interest rates low to encourage investment in the US economy. This led to the exodus of Eurodollars overseas, and in particular, to West Germany whose foreign exchange reserves doubled to \$18 ½ billion in a year (Strange 1972: 199). The German government opted to float its currency - which in turn disrupted the CAP’s price parity system, placed tremendous pressure of the French franc, and suspended the EC plans to begin coordinating fluctuations between European currencies (Strange 1972: 201).

The monetary tables were turned on August 15, 1971, when Nixon announced that the dollar would no longer be convertible to gold. The “Nixon shock” brought the “Group of 10”² to table in the Smithsonian Agreement in December 1971 in which the countries agreed realign their currencies and allow them to float within set bands of $\pm 2.25\%$ relative to the dollar. The monetary crisis pushed Europe into recession, and prompted EC leaders to find ways to coordinate their economic and monetary policy (Dinan 1994: 83). At the Paris Summit in 1972, the heads of state called for a European and monetary union by the end of the decade. In April 1972, the six EC members created the “snake in the tunnel” - an attempt to create a single currency band for EC countries in which they would peg their currencies to one another and then move together against the dollar. When the dollar began to float freely in 1973, coordination became more difficult, especially given the strong German currency, leading UK and France to exit.

More broadly, Secretary of State Henry Kissinger was concerned about the state of US-European relations. He was aware that the Atlantic alliance had taken a back seat given the US distraction by the Vietnam War and Nixon’s historic overture to China. And while the Europeans were upset over monetary policy, Kissinger noted that they did not recognize how the EC’s external tariffs and preferential trade arrangements with former colonies impacted on the United States (Kissinger 1982: 134-135). Détente also figured in Kissinger’s turn toward Europe. Both he and Nixon were concerned over West Germany’s Ostpolitik. Meanwhile, Europeans were uncomfortable with improved US-USSR relationship in arms control matters -which for some was like “de Gaulle’s nightmare of a ‘super-Yalta’ carving up the world” (Kissinger 1982: 136).

Given the growing tensions between the US and the EC, in 1973 Kissinger launched a “New Atlantic Charter” and focusing on what the Nixon administration dubbed the “Year of Europe”. Kissinger soon discovered that there was no single European interlocutor with whom he could discuss the proposed charter (Kissinger 1982: 157), and openly lamented the lack of European leadership, which prevented any progress on his New Atlantic Charter. Others interpreted the Europeans’ muted response to the proposed charter as a refusal to subordinate emerging intra-European cooperation [...] to American and Atlantic interests” (Kohl 1975: 15).

Kissinger’s overture to Europe was definitively interrupted by the October 1973 war in the Middle East, which strained US-European relations “almost to the breaking point” (Spanier 1977: 299). The US responded to the Arab attack with a massive airlift of supplies to Israel. Nixon and Kissinger expected support from their NATO allies,

2. The Group of 10 was comprised of the countries who agreed to participate in the General Arrangements to Borrow (GABs) in 1962: Belgium, Canada, France, West Germany, Italy, Japan, the Netherlands, Sweden, the United Kingdom, and the United States. In 1964, Switzerland joined the group, whose name remained unchanged.

but were upset when only the Netherlands responded affirmatively. In fact, most Western European countries were almost entirely dependent on Middle East oil and did not want to antagonize the Arabs. France, Germany and the UK refused to allow the Americans to refuel at their airbases, while others would not allow US military to fly in their airspace (Spanier 1977: 299).³ The Americans' frustration with Europe was matched later by the Europeans' ire when the United States raised the alert level of its troops around the world without consulting its European allies.

In response to US actions, the members of the Organization of the Petroleum Exporting Countries (OPEC) announced on October 17 that they would reduce oil production by five percent a month. When the Nixon administration responded by granting more armaments to Israel, OPEC announced an oil embargo on the US and the Netherlands. The 1973 oil crisis resulted in a quadrupling of oil prices worldwide. Instead of working together in a European or transatlantic approach, the major European countries sought to cut their own bilateral oil deals with the Arab world. The oil crisis had a devastating impact on the European economy, which suffered from economic stagnation and high unemployment well into the next decade. And the "Year of Europe" became "The Year That Never Was" (Kissinger 1982: 192).

By early 1974, frustrations continued on both sides of the Atlantic. European leaders were reluctant to engage with an American president who was deeply embroiled in the Watergate scandal. At a Chicago speech in March, Nixon warned Europeans not to rely on the US nuclear guarantee if they continued with their "confrontation and even hostility" (Nixon 1974). In the end, cooler heads prevailed. On June 26, 1974, the "Declaration on Atlantic Relations" was signed by the heads of NATO governments. While it was not Kissinger's new Atlantic Charter, it was a joint statement, which noted that American nuclear forces and troops in Europe remained "indispensable" to the security of the alliance and that the fulfillment of the allies' common aims "requires the maintenance of close consultation, cooperation and mutual trust" (NATO 1974). Nixon resigned as president in the wake of the Watergate scandal less than six weeks later.

Against this transatlantic backdrop, the German *Ostpolitik* continued in the 1970s (Griffith 1978). Chancellor Brandt's government signed three main treaties: the 1970 Treaty of Moscow, the 1970 Treaty of Warsaw, and the 1972 Basic Treaty. The latter followed the 1971 Quadripartite Berlin Treaty signed by the four powers - the United States, Soviet Union, United Kingdom, and France. The 1972 Basic Treaty allowed for concrete technical issues such as inter-German travel, trade, exchange of media, and cooperation in the areas of culture, health, environmental protection, and sports (Plock 1986).

The United States carried out its own rapprochement with the Soviet Union with the Strategic Arms Limitation Talks (SALT) that began on November 17, 1969, and culminated in May 1972 with two arms control accords. SALT I was followed by SALT II negotiations in 1972, which set as its goal to reduce strategic forces and banned new missile programmes. The SALT I discussions also led to new discussions in 1973 between NATO and the Warsaw Pact.⁴ The Soviets wanted an agreement that would recognize the territorial status quo of East-West borders. The Americans were interested in reducing military forces not only for the purpose of détente, but also to prevent Congress from separately pushing for further troop withdrawals in Europe. The result was a dual track approach: the Conference on Security and Cooperation in Europe (CSCE) dealing with political/economic issues and the Mutual and Balanced Force Reduction (MBFR) talks on military matters. The CSCE talks culminated in the Helsinki Final Act in August 1975 that recognized the territorial borders and sovereign control of European

³ The exception was the right-wing government of Portugal which permitted US planes to land on Portuguese soil.

⁴ There were 35 signatories to the Helsinki Final Act. Only Albania did not participate from the Warsaw Pact.

countries while opening up the possibility for cultural exchanges, freer media broadcasts, youth exchanges, tourism, and basic freedoms. The Act was welcomed enthusiastically in Europe while viewed as less important in the United States.

While Europeans lauded the CSCE's Final Act, they were wary of the MBFR talks, especially when the Soviets surpassed the US in the total number of strategic launchers and prepared to launch new weapons, including the mobile SS-20 (Joffe 1987: 6). In general, Europeans were interested in slowing down any US withdrawal from European soil given that American troops remained a sign of the US security commitment in Europe. European allies soon pressed for more regular consultation in SALT II negotiations given that decisions on cruise missiles or the deployment of neutron bombs could greatly impact European security (Grosser 1980: 289).

The decade ended in disarray - much the way it began. There were high points in the transatlantic relationship such as the conclusion of the Tokyo Round of GATT negotiations and the Carter administration's efforts to improve trilateral cooperation with the United States, Europe and Japan (Peterson 1996: 40). The Iranian revolution in 1979 led to a second oil crisis which further hampered the "Eurosclerosis" in the European economy. The Soviet invasion of Afghanistan brought the SALT II negotiations to a standstill - and once again demonstrated the divergent American and European perspectives on how to respond to the Soviets. The Carter administration called for sanctions against Russia and a boycott of the Moscow Olympics. Unfortunately, it took the EC members three weeks to meet and consider a joint response to the invasion. By then individual leaders had already announced their national positions publicly (Sloan 1985: 178). If ever there was a time when the alliance might be viewed as drifting apart, the 1970s would be a prime candidate. US-EC economic and monetary relations placed a tremendous strain on the alliance with the failure of the Bretton Woods system and ensuing economic recession. The 1973 Middle East oil crisis not only exacerbated transatlantic tensions, they also created intra-European divisions as member states sought to protect national economies and prestige. Détente also produced challenges for the Atlantic Alliance, with Europeans mistrustful of superpower condominium in the SALT negotiations and Europeans and Americans casting a wary eye at West Germany's *Ostpolitik*. Ironically, the West German détente resulted in challenges for the Americans as the Soviets turned their attention "from Europe to the strategic arms arena and to the Third World" (Joffe 1987: 7). Europeans, in turn, chose to keep their distance from these non-European conflicts - a criticism that US Secretary of State Henry Kissinger leveled at them when he complained that America's interests were global while Europe's, merely regional (Joffe 1987: xii). Yet, the transatlantic alliance continued despite these significant challenges.

5. The 1980s: Relaunching the Union, Revisiting the Partnership, and Witnessing History

In many respects, the frustrations of the 1970s planted the seed for new American leadership in the 1980s. In the five years from 1974 to 1979, images from the United States included a president resigning in disgrace, a war in Vietnam ending in shambles, and American hostages in Iran being paraded in front of the cameras. In 1980, Europeans, who had expressed frustration over the Carter administration's perceived willingness to cut conventional forces and negotiate away nuclear weapons, were pleased to hear that Ronald Reagan, the new American president, reaffirmed his commitment to Western Europe (Unwin 1997: 287).

Similarly, the 1970s set the stage for Europeans to embrace EC solutions to the "doldrums decade" and to strengthen their position vis-à-vis the US. During the 1970s, in the face of economic crisis, European leaders pursued inward-looking policies that did little to strengthen the European economy. Moreover, national leaders did little to promote EC-level policymaking. By the end of the decade, Europeans began taking their first EC-level

initiatives with the creation of the European Monetary System (EMS) in 1979, that would replace the “snake in the tunnel”, and the European Currency Unit (ECU), the basket of all currencies involved in the EMS. Under EMS, individual currencies could float 2.25% above or below the ECU. The resurgence of European Political Cooperation (EPC) was the second initiative. Following the failed European response to the invasion of Afghanistan, EC members agreed to convene an EPC meeting if three countries deemed there was a crisis. In the 1980 London Report, members agreed to discuss “political aspects” of security. In 1981, the Genscher-Colombo proposal advocated the institutional means to develop a common foreign policy (on EPC see Allen, Rummel and Wessels 1982, Ruyt 1989). While the EC heads of state agreed to a more watered down “Solemn Declaration”, they also began to utilize EPC, evident in the EC’s Venice Declaration on Palestine and the resumption of the Euro-Arab dialogue in 1980, which raised eyebrows in Washington (Dinan 1994: 120). The EC also took positions contrary to the US in its dealings with Nicaragua. In 1984, Mitterrand sought to revitalize the Western European Union (WEU) as a security organization that might offer Europeans their own identity in these matters.

The final initiative, the Single Market programme, proved most transformative. In 1983, Industry Commissioner Etienne Davignon with support from Volvo CEO Pehr Gyllenhammar, recruited a group of company leaders to promote the creation of a unified European market and trans-European infrastructure projects (Green Cowles 1995). The European Roundtable of Industrialists (ERT) played a significant role in shaping what became the Single Market programme and ensuring member state support of the initiative. The heads of state welcomed the Single Market White Paper at the Milan Summit in 1985. The resulting Single European Act (SEA), ratified in 1987, was the first major reform of the Treaty of Rome. By 1988, important progress was made toward creating the Single Market - so much so that a year later, the United States began to express concern that Europe’s 1992 Programme was creating a fortress that would discriminate against American products, and impede GATT negotiations.

While these EC developments were underway, the United States and NATO were also embarking on new defence policies. Reagan supported the December 1979 NATO dual-track decision to modernize its theatre forces and to engage in arms control. In November 1981, the Reagan administration proposed a “zero-option” arms reduction proposal, essentially saying that the US would not deploy their Pershing and cruise missiles if the Soviets would dismantle their intermediate-range nuclear weapons (Nathan and Oliver 1989: 410).

British Prime Minister Margaret Thatcher strongly supported Reagan’s initiatives, and even the French Mitterrand administration quietly welcomed the proposed weapons deployment. However, other European leaders as well as the European public started having second thoughts about the US president. Reagan’s tough stance vis-à-vis the Soviets suggested to some Europeans that Reagan was more interested in deploying weapons than being serious about arms control - to which the Reagan administration suggested the Europeans were “giving in” to the Soviets (Dinan 1994: 120). Also troubling were the president’s off-the-cuff comments on limited nuclear warfare and the development of the Strategic Defence Initiative (SDI) - the so-called “Star Wars” programme. Over the next few years, the Reagan administration and European allies did not see eye-to-eye on a number of US military actions: the 1983 Grenada invasion; the 1984 Libya bombing raid; and the 1987 decision that sent American warships to patrol the Persian Gulf. The Europeans were also concerned that the strained relations between the US and USSR were leading to what some called the “second Cold War”.

The situation changed with the arrival of Mikhail Gorbachev as the new Soviet Premier in 1985. In 1987, Gorbachev announced that he would be supportive of Reagan’s earlier zero-option, and later agreed to verification agreements proposed by the US administration. The end result was the Intermediate-Range Nuclear Forces Treaty signed by Reagan and Gorbachev in December 1987. That same year, in a speech commemorating

the 750th anniversary of Berlin, Reagan challenged Gorbachev to “tear down this wall”. In 1998, the German government of Chancellor Helmut Kohl spearheaded negotiations between the EC and the Council for Mutual Economic Assistance (CMEA) - the Soviet Union’s chief economic organization. The Common Declaration “provided a framework for the establishment of diplomatic relations and trade agreements between the two blocs” and underscored to Europeans and Americans alike the EC’s more independent stance vis-à-vis the Eastern bloc (Peterson 1996: 43).

Of course, neither the new American Bush administration nor the Europeans anticipated the events of 1989 that resulted in what Jacques Delors called “the acceleration of History” (Delors 1989). Political protests in Eastern Europe and the Baltic states, spurred on by the Gorbachev reforms, led to the “revolution” of 1989. In May 1989, Hungary opened its borders and thousands of people crossed over into Western Europe. On November 9, East Germans began to dismantle the Berlin Wall. Latvia and Lithuania were the first to claim their independence the following year. Finally, by December 1991, the Soviet Union itself was dissolved. The US and EC had witnessed the beginning of the end of the Cold War.

Thus, the 1980s were a period of rebirth for both sides of the alliance. President Reagan carried out policies both within Europe (e.g. the SDI initiative) and outside Europe (Latin America, Grenada, Libya) that strained transatlantic and intra-European relations. Meanwhile, after the doldrums decade of the 1970s, the EC itself forged ahead with changes in EPC and monetary cooperation, as well as created a Single Market and Single European Act (SEA) which would allow for greater functional cooperation with the United States in the future. All of these developments were significant in light of the challenges the transatlantic partnership would face in the decade ahead.

6. The 1990s: Beyond the Revolution

The events of 1989 and its aftermath prompted significant economic, political, military, and accompanying institutional change both within Europe and within the transatlantic relationship. Concerns over a reunited Germany, the collapse of the Soviet Union, the promise of the 1992 programme, and the war in Yugoslavia led to a significant transformation in transatlantic relations.

The reemergence of “the German problem” was viewed differently from the two sides of the Atlantic. At a special EC summit in December 1989, the member states’ icy discussion of German reunification raised concerns that a reunited Germany would not only hinder the European project, but hold the potential to take over Europe once again (Pond 1993). Without the history of two world wars on its soil, the US administration of George Bush did not perceive a similar threat: to the US the issue of a reunited Germany should be the decision of the German people.

The formal question of German reunification was handled through the Two-Plus-Four negotiations - the two Germanies plus the four allied powers from World War II - culminating in The Treaty on the Final Settlement with Respect to Germany, in September 1990. The treaty paved the way for German reunification on October 3, 1990. Creating acceptance for the formal reunification of Germany was another matter. Chancellor Helmut Kohl set the stage with his speech to the Bundestag on November 28, 1989, in which he noted that “the future architecture of Germany must be fitted into the future architecture of Europe as a whole,” (Kohl 1989) including a reconstituted Conference on Security and Cooperation in Europe (CSCE) and a strengthened European Community.

Both pillars impacted the transatlantic relationship in different ways. The CSCE emerged as an alternative secu-

ity organization, as NATO initially held back on extending to the newly independent Central and Eastern European countries (Weitz 1993). While generally supportive of the CSCE, the American administration warned that it could not replace NATO (Weitz 1993: 345). The signing of the Charter of Paris for a New Europe in November 1990 set in motion the transformation of the CSCE to become a permanent organization with new responsibilities such as the monitoring of elections, conflict prevention, and crisis management.

The strengthening of the European Community also impacted the transatlantic relationship. In the summer 1989, the Bush administration conducted an interagency review in light of the changes in Europe. The review determined that these events were “unstoppable and that US opposition to the process would be both futile and counterproductive” (Peterson 1996: 44). That same summer, the G-7 countries supported the European Commission’s role in coordinating aid packages to Eastern Europe. To some, this coordination role signaled the United States giving “long-denied recognition to the EC as an important player in the international arena” (Featherstone and Ginsberg 1996: 5). EC member states, propelled by fear of a resurgent Germany, pushed forward major changes in the European Community (Moravcsik 1998: 380; see also Baun 1996, Middlemas 1995, Sandholtz 1993). The joint Kohl-Mitterrand letter in April 1990 demonstrated the Franco-German willingness to speed up the construction of Europe, culminating in the Maastricht Treaty, signed in December 1991. The resulting “European Union” introduced European Monetary Union, a Common Foreign and Security Policy, and a Justice and Home Affairs pillar.

These changes provoked different responses in the United States. Concerned that the Single Market might create a “Fortress Europe” that blocked American companies and goods from EC trade, US Commerce Secretary Robert Mosbacher (1989) called for “a seat at the [EC] table”. US concerns over EC activity instead led Secretary of State James Baker (1989) to call for a “New Atlanticism” “to keep pace with European integration and institutional reform”. With support from Commission President Jacques Delors and Irish Prime Minister Charles Haughey, President of the Council of Ministers, the US and EC signed the Declaration on US Relations in November 1990. The “Transatlantic Declaration” created regular dialogues between the US and EU, including regular summit meetings. The Transatlantic Partnership set the stage for US-EC cooperation on new “transnational challenges” such as “terrorism, drugs, pollution or missile technology” (Winand and Philippart 2001: 45).

Amidst all these institutional changes, the role of the post-Cold War NATO lingered. Despite the dramatic changes in Eastern Europe, Americans held strongly to the view that NATO was crucial not only to transatlantic relations, but to the US’s own role in the world (Eagleburger 1989). While many Europeans called for stronger European political cooperation and looked to the pan-European CSCE as a future security institution, others were reluctant to weaken NATO. In general, the European NATO leaders agreed that any European security developments - whether in the CSCE or the EU itself - should be designed to supplement and not replace NATO (Weitz 1993: 345).

The first official NATO response to the events of 1989 was the London Declaration on July 6, 1990, in which members called for cooperation and shared military contacts with Warsaw Pact member states. At the momentous Paris Summit in 1990, the Treaty on Conventional Forces in Europe was signed, placing ceilings on key armaments in NATO and the Warsaw Pact. Military strategy also changed. In May 1991, NATO created the Rapid Reaction Corps - smaller forces that could be mobilized for regional conflicts outside of NATO. In 1992, the North Atlantic Cooperation Council was created as a body linking NATO to Eastern European countries and the Commonwealth of Independent States (CIS). In 1994, spurred by the Clinton administration, NATO created

the Partnership for Peace (PFP) agreement.⁵ By 1995, Clinton convinced Yeltsin to join the PFP programme as yet another step to “create a Europe peaceful, undivided, and democratic” (Chollet and Goldgeier 2008: 125).

When the Yugoslavia war broke out mid-1991, the United States viewed the situation as a European problem to be addressed by Europeans through the WEU. The EU, in conjunction with the UN, attempted to broker a peace agreement, an action supported by the Clinton administration. At the NATO Summit in January 1994, member states endorsed the development of a European Security and Defence Identity (ESDI) within NATO as well as the creation of Combined Joint Task Forces (CJTF) for the WEU to use “collective assets of the Alliance” in pursuing a Common Foreign and Security Policy (Featherstone and Ginsberg 1996: 281). The Yugoslav experience, however, “demonstrated how far Western Europe still had to go before it could speak with a common and authoritative voice in a serious international crisis” (Unwin 1997: 307). By April 1994, the US became involved in the Contact Group that included the UK, France, Germany, US, and Russia. Significant disagreement arose between the Americans who argued for “robust, punitive attacks on the Bosnian Serbs,” and the Europeans who were concerned that such attacks would disrupt humanitarian efforts (Peterson 1996: 142). The disagreement became a low point in the transatlantic relationship (Gegout 2010). After the Srebrenica massacre, Clinton pledged 20,000 troops to enforce the peace. When the US-led peace negotiations led to the November 1995 Dayton Accords, it was clear from the Yugoslavian tragedy that NATO’s success “still depended upon the United States remaining at the heart of the alliance” (Unwin 1997: 308).

While the transatlantic partners worked to end the war in Yugoslavia, they continued their own trade battles over bananas and the GATT Uruguay Round. European leaders expressed concern that while the Transatlantic Declaration brought the transatlantic partners together at regular summits, US involvement with NAFTA and APEC, and in particular, China, was pushing the alliance apart (Winand and Philippart 2001: 47). Senior-level US-EU working groups were convened to develop a new approach to promoting transatlantic relations. Their work resulted in the ‘New Transatlantic Agenda’ (NTA) and a ‘Joint US-EU Action Plan’ (JAP) signed in December 1994 to strengthen economic, foreign policy, defence, security and cultural ties.

The NTA was designed to structure US-EU cooperation on a number of subjects at various government levels. The NTA also differed significantly from the Transatlantic Declaration in that it incorporated stakeholder dialogues from the business, labour, and environment communities, among others (Pollack and Shaffer 2001). Of particular note was the Transatlantic Business Dialogue (TABD) launched in 1994-95 that created a quadrilateral negotiating forum including business leaders and government officials (Green Cowles 2001, Peterson and Green Cowles 1998) which made significant progress on standards recognition and regulatory harmonization.

While the 1990s began in the uncertainty of the post-Cold War era and the war in Yugoslavia produced strong tensions in the alliance, by decade’s end, the transatlantic relationship remained strong. NATO had emerged as a revitalized stalwart institution, with the French even returning to parts of the NATO structure in 1995-1996. The European Union continued to deepen its economic, political, and military policies while bringing in 12 new member states. The 1998 St. Malo agreement and subsequent resolve to create a European Security and Defence Policy was greeted by the Clinton administration as a means to strengthen burden-sharing in the alliance. The Euro was successfully introduced to world markets as an accounting currency in 1999, and officially launched with bills and coins on January 1, 2002. And while trade spats continued and a war erupted in Kosovo, the United States had arguably “never been more engaged in Europe” (Peterson 2001: 185). In June 2000, Clinton was awarded the Charlemagne prize in Aachen, Germany, “the highest European honor bestowed on a leader

⁵ When a number of countries joined NATO in 1999, Russian president Boris Yeltsin warned of a “Cold Peace” in Europe (Combs 2012: 440).

whose efforts have helped advance European unity” (Chollet and Goldgeier 2008: 287). The 1990s demonstrated that NATO could be transformed into a viable forum for peace and security. The creation of the NTA and the TABD imbued new patterns of functional cooperation between the US and EU, with different government and non-government actors. While the Yugoslavia war demonstrated the inability for the EU to carry out a major political/military initiative on its own and reminded the allies of their diverging views on the use of military force, the transatlantic partnership endured.

7. 2000: The Turn of the Century and the Partnership

When US President George W. Bush took office, he did so under the guise of a foreign policy that was not unlike the cautious realist approach of his father, George H.W. Bush. His National Security Advisor - and later Secretary of State - Condoleezza Rice published a Foreign Affairs article in January/February 2000 that outlined a US foreign policy of international leadership that promoted democracy and free trade in the post-Cold War era in close consultation with allies, and mindful of the need to build international support for US efforts (Rice 2000).

Once in office, however, Bush’s foreign policy - shaped by a neo-conservative agenda - sought to enhance US security “by shedding constraints by friends, allies, and international institutions” to afford the United States greater latitude to shape the world (Daalder and Lindsay 2003: 66). Within the first eight months of office, the Bush administration announced its opposition to several international treaties including the Kyoto Protocol on Climate Change, the Anti-Ballistic Missile Treaty and the International Criminal Court (ICC). By spring 2001, the European allies were complaining bitterly about the new US unilateralism. Most of Bush’s advisers believed that Clinton had indulged the Europeans in their misguided view that international agreements were as much ends in themselves as they were means” (Daalder and Lindsay 2003: 72).

Prior to his first trip to Europe in June 2001, Bush publicly confirmed his opposition to Kyoto. The European Union, now with its own economic and political clout, decided to forge ahead without the Americans. Over the next decade, the EU fostered a climate agreement that included Canada, Japan, and Russia, pushing forward without US support or participation (Tiberghien and Dierkes 2013). While subsequent meetings of the parties in Copenhagen (2009), Cancun (2010), and Durban (2011) demonstrated the limits of this cooperation - especially given the position of the BRICS and the US, the climate change debate highlighted the changing configuration of US and EU interests.⁶

The Bush administration and the French also clashed over NATO. At the Nice Summit in December 2000, French President Jacques Chirac argued that there should be an independent planning system for the EU’s Rapid Reaction Force (RRF), since it would be deployed in operations in which NATO did not participate. The Bush administration warned that the US might review its commitment to NATO if the EU created a security policy separate from the organization (Gegout 2010: 127).

The transatlantic feuds ceased with the 9/11 terrorist attacks on the World Trade Center in New York and on the Pentagon, as well as the hijacking of the plane that crashed in Pennsylvania. The French newspaper *Le Monde* announced “*Nous sommes tous Américains*” as Europeans declared their solidarity with the United States. For the first time in NATO’s history, Article 5 was invoked in which an attack on any member state is considered an attack on all. European allies expressed understanding with the US decision to attack Afghanistan, while the Americans accepted assistance by the British and Australians in launching the war. Two years later, NATO mem-

⁶ Indeed, the Europeans had forged ahead with a number of international agreements during the Clinton and Bush administration. The Ottawa Treaty to ban personnel landmines (1997) and the Cartagena Biosafety Protocol all generated a broad coalition of European support, in spite of opposition or lack of support from the US.

bers unanimously agreed to take command of the International Security Assistance Force (ISAF) in Afghanistan, overseeing troops from 42 countries. ISAF marked the first time that NATO troops oversaw a mission outside the North Atlantic area.

Transatlantic goodwill soon disappeared with Bush's "war on terror", when it became clear that US action would not end with the invasion of Afghanistan. A number of US conservative commentators lambasted the Europeans for their weak support of the president. Robert Kagan (2002) put the differences between the US and Europe most starkly:

"It is time to stop pretending that Europeans and Americans share a common view of the world, or even that they occupy the same world [...] on major strategic and international questions today, Americans are from Mars and Europeans are from Venus: They agree on little and understand one another less and less."

Kagan underscored a growing rift in the transatlantic partnership in which only British Prime Minister Tony Blair proved to be a close friend to the American administration. It was Blair who convinced Bush that any decision to invade Iraq would need support from the UN Security Council. With support from the European members, the Security Council unanimously passed resolution 1441 to require UN inspectors to go into Iraq to find and destroy alleged weapons of mass destruction. Later, European members thwarted the US administration's effort to receive support for an Iraqi invasion when France and Germany, together with Russia, insisted that the UN inspectors be given more time. With Congressional support, Bush moved ahead with "Operation Iraqi Freedom" in March 2003.

The events leading to the Iraq war divided not only the alliance partners, but Europe itself. Defence Secretary Donald Rumsfeld described France and Germany as part of "old Europe" while those countries supporting the US were part of "new Europe". When German Chancellor Gerhard Schroeder promoted his anti-war stance in his tight reelection bid in 2002 and won, the American president refused to contact him with a congratulatory phone call (Daalder and Lindsay 2003: 189). At the World Economic Summit in Davos, Switzerland, in January 2003, TABD company heads were furious when US and EU officials continually button-holed the CEOs to take sides in the transatlantic confrontation and punish the other side by withholding trade (Green Cowles 2005: 291). Not surprisingly, the WTO Doha Trade round stalled.

One of the ironies of the decade was that in 2003 the transatlantic economy was experiencing a banner year. Despite the "transatlantic bickering" that "plunged transatlantic political relations to one of its lowest points in six decades, the United States and Europe became increasingly bound together with their economic ties" (Hamilton and Quinlan 2005: 17). While Europeans were concerned about NAFTA and a US turn towards China, transatlantic commerce remained the strongest in the world with US and European companies investing more in each other's economies than the rest of the world combined (Hamilton and Quinlan 2005: 25-26). While disputes between European and American leaders filled the headlines, the lower-level TABD meetings with government officials coupled with the larger NTA process provided a practical means to bring the two sides to the negotiating table "to find their commonalities as well as their differences" (Green Cowles 2005: 302).

During the Bush administration's second term, then-Secretary of State Rice supported by Zoellick sought rapprochement in the transatlantic partnership. This included an early Bush visit to Brussels in 2005. Europeans appreciated Bush's anti-AIDs initiatives which helped to smooth continuing disagreement over Iraq, climate change and other issues.

Yet just as their economic interconnectedness brought the US and EU together, the American economic crisis in 2008 placed additional strains on the alliance. US subprime mortgage losses in 2007 highlighted risky investments that were made by American and European banks. Major Wall Street investment firms began to hemorrhage losses. The administration's decision to let Lehman Brothers fail led to panic on Wall Street. US insurance giant AIG was nationalized and the US government intervened to stem the losses. The US economy sank into a deep recession - the worst since the 1930s Great Depression - and brought with it a global economic recession. In September 2008, Bush announced that US taxpayers would provide \$700 billion to buy up troubled assets in an effort to open up financial systems (Bush 2008). Meanwhile, the economic turmoil began to impact British banks, slowed the European economy - and would soon fuel the European sovereign debt crisis.

After the successful transformation of the Atlantic partnership in the 1980s, the early 2000s reminded the allies that different leaders in different contexts could tear the fabric of the transatlantic relationship. Characterizing the relationship as "adrift" would not adequately describe the depth of frustration that both sides felt towards one another on political and security issues. At the same time, the US-EU economic relationship became the "forgotten ballast" that brought the partners back to the discussion table (Lagadec 2012: 58-71). By the end of his second administration - some would argue too late - the US president had rediscovered the value of the transatlantic relationship.

8. The Transatlantic Partnership Today: Obama and Beyond

Not surprisingly, the candidacy of Barack Obama was highly anticipated by Europeans who were anxious to move beyond the Bush era. In July 2008, Obama drew one of the largest crowds of his presidential campaign when an estimated 200,000 Berliners came to hear him at the Brandenburg Gate. As a commentator noted, it was "a summer gathering of peace, love - and loathing of George Bush". Obama drew the loudest applause when he proclaimed that "No one nation, no matter how large or how powerful, can defeat such challenges alone" (Freedland 2008). For Europeans, the presidential candidate signaled the end of the unilateralist cowboy era of the Bush administration. Obama spoke of honouring the rule of law; welcoming immigrants; addressing core issues such as nuclear proliferation, global warming, poverty, and genocide; and listening to one's allies.

Obama's Berlin speech was viewed differently in the United States. An unnamed campaign aide for the Republican candidate McCain noted, "I don't know that people in Missouri are going to like seeing tens of thousands of Europeans screaming for The One" (Huffington 2008). For that reason, Obama's advisors had worked to craft a speech that did not appear "too European" for American consumption. They ensured that many of the phrases used by Obama - such as the call for greater burden sharing within NATO - would also have been uttered by then-President George W. Bush (Schmitz 2008).

After less than a year in office, President Obama received another warm European welcome - this time in the form of the Nobel Peace Prize in September 2009. Many commentators interpreted the award both as the hope that the global community had in Obama's thinking on multilateralism and on issues such as climate change - as well as a repudiation of his predecessor (Ritter and Moore 2009). While Obama has promoted a more internationalist approach, he has also affirmed that he would "reserve the right to act unilaterally if necessary to defend my nation" (Obama 2009). In this regard, Obama was reviving the Clinton mantra: "Together when possible, alone when necessary".

Despite the warm European welcome, Obama has pursued transatlantic relations in a manner that is quite similar to George W. Bush in his second term of office. Both Bush and Obama shared a distinct lack of "love at

first sight” for European leaders in European Council format. Bush endured a series of harangues on climate change and international cooperation at Gothenburg in 2001 (Sackur 2001), while following his address on non-proliferation, Obama was subjected to a friendlier but even longer series of European statements at Prague in 2009 (Wolf 2009). And while he enjoyed a more extended “honeymoon” period, Obama was similar to G. W. Bush in both experiencing and causing disappointment in the transatlantic relationship.⁷

To begin, the Obama Administration has echoed a theme that has been present since the early years of the alliance - namely, American dissatisfaction with European contributions to NATO’s capabilities and, during Obama’s tenure, to its efforts in Afghanistan. This theme of burden sharing has been a constant throughout the transatlantic relations. Yet, given Obama’s initial reception in Europe, it perhaps appeared more jarring.

Nonetheless, the alliance did agree on a “New Strategic Concept” at the November 2010 NATO Summit in Lisbon. The allies underscored the centrality of NATO in the multipolar era and continued their support of Article 5 and collective defence. They also called for a more comprehensive approach involving political, military and civilian interaction - thus underscoring the Europeans’ growing contributions of soft power. The alliance members also agreed that NATO would build an Antibalistic Missile Defence system. From the Lisbon agreement, it was clear that two constants would remain in the military alliance. First, the United States would continue to play the leading role as “stabilizer of global security” and the European financial contribution to the alliance would be indeterminate (Smolar 2011).

Perhaps the most surprising development was the NATO turn of events in Libya. When Libyan rebels sought to combat Muammar Qaddafi’s troops in 2001, it was France and Britain - not the United States - calling for greater participation in proposed military action. When Obama agreed to participate in what became a NATO action, the American administration made it clear that the Americans would play a limited role and, therefore, the Europeans could take the responsibility in their backyard (Hewitt 2011). After the US military took out Libya’s air defences, France and UK flew most of the bombing sorties. Behind the scenes, however, the United States still played the critical role in air surveillance, intelligence, and refueling capabilities. Despite the Franco-British leadership, the shortcomings of European military capabilities were still evident (Combs 2012: 481). While the Libyan campaign had its detractors, it caused no major rift in the transatlantic relationship. If anything, the transatlantic security alliance demonstrated its ability to transform itself with the New Strategic Concept.

The current era of transatlantic relations has witnessed continued functional cooperation - albeit with mixed results. Europe has been disappointed by Obama’s climate change policy. Explanations that the American administration is limited by what can be passed through Congress does little to dispel the impression that Obama gave up on climate change at an early stage. Transatlantic relations improved in the area of terrorism where Obama toned down the “war on terrorism” rhetoric while capturing and killing the mastermind behind the 9/11 attacks, Osama bin Laden. Obama successfully pulled American forces out of Iraq, but increased troops during a surge in Afghanistan. While counter-terrorism is cited as a major transatlantic success story, Europeans have also been concerned by Obama’s failure to close Guantànamo, the US’s increasing reliance on targeted killings via drone strikes, and disagreements over the handling of private data by US and EU authorities. On Iran, through a good working relationship between Secretary of State Clinton and EU High Representative Catherine Ashton, there has been close cooperation and coordinated messaging in the context of the P5 + 1 talks.

In general, however, Europe has complained that the affections it bestowed on Obama have not been returned

⁷ For a review of the first year of the transatlantic relationship under Obama see Council on Foreign Relations 2009.

(Gardiner 2010). This sentiment reached its peak during the Spanish EU Presidency, when plans for a 2010 US-EU Summit in Madrid were scrapped. This sentiment, however, is hardly a sign of an alliance adrift. The history of the transatlantic partnership reveals numerous occasions when well-regarded American presidents disappointed their European counterparts - from Kennedy to Clinton. Others have argued that Obama is best viewed as being unsentimental and instrumentalist in his view of Europe and other potential partners, "attend[ing] to those who can be useful, not the merely sympathetic. Glad-handing Europeans with nothing to offer will be a low priority". Shapiro and Whitney (2009a)⁸ argue that Europe will be best served by getting its own policy act together; by having individual EU member states abandon any hope of retaining a separate, "special" bilateral relationship; and by agreeing on common proposals to the US. The EU's ability to do so remains in question, despite hopes that the Lisbon Treaty would lead to a more coherent EU internationally.

Getting one's policy act together - particularly in times of crisis - has not been easy. The 1970s - when the US monetary policy was in disarray and Middle East oil shocks disrupted the global economy - are instructive in terms of the challenges the US and EU face today. Much has been made of the Europeans' weak economic recovery and relatively slow response to shore up their monetary union. Yet it is precisely the strength of Europe as an economic superpower and the interconnectedness with the American economy that makes the crisis all-the-more important to Americans. It is why, in the midst of an economic recession and a presidential election, Europeans and Americans continue to make serious progress in launching an extensive Transatlantic Free Trade Agreement.

The Obama Administration's "pivot" toward Asia - both in the security realm where US defence strategy has added focus on the South China Sea and in trade and investment via the Trans-Pacific Partnership - appears to raise the most concern for the transatlantic partnership. Yet again, Obama's pivot is reminiscent of other US administrations' turn to the outside: Nixon's overture to China in the 1970s, Clinton's involvement in NAFTA and APEC, and G. W. Bush's willingness to look anywhere but Europe. In all cases, the transatlantic partnership was not adrift: the Americans were looking to protect their interests elsewhere. Secretary of State Clinton and other Obama officials have repeatedly stressed that the pivot is not intended as a slight to Europe. According to Clinton (2012), Europe remains the US "partner of first resort" especially given the remarkable "breadth and depth" of transatlantic cooperation toward Afghanistan, Iran, and the Arab Spring. European leaders have also publicly downplayed the US pivot. As European Council President Herman Van Rompuy (2012) noted, "Americans realise that the pivot is not an alternative to Europe and NATO. On the contrary, a strong transatlantic relationship is a precondition for America's focus on Asia".

Despite such reassurances, Europeans continue to fear, with justification, that the US regards Asia as the region of the future. The trade numbers are compelling. Both EU-Asia and US-Asia trade volumes exceed EU-US trade. The widening gap in investment is also noteworthy. Between 1998-2009, EU Foreign Direct Investment (FDI) towards Asia rose by 586.6%, and Asian FDI towards the EU expanded by 462%, compared to EU FDI towards the US at 176%.⁹ Yet fear has been a dynamic factor in the transatlantic relationship as well. Fear of Japanese economic advances in the late 1970s prompted Europeans to create the Single Market. Fear of a "Fortress Europe" encouraged the first Bush administration to call for a Transatlantic Declaration. And of course, fear of the Soviet Union engendered the creation of the Atlantic alliance in the first place. So while fear from the outside may sow the seeds for transatlantic strife, the history of transatlantic relations demonstrates that it can also lead to closer cooperation.

⁸ This article summarizes the main arguments of their longer ECFR study. See Shapiro and Whitney 2009b.

⁹ Data from Plan B, p. 6 in the DOW_Transworld.

What the history of the alliance reveals is that there has never been a golden age of US-European relations. And there never will be. The transatlantic partnership has been, by definition, one rife with conflict and asymmetries. It is an alliance where the geographical boundaries of Europe have changed throughout its history, all the while growing in economic, political, and military power. It is a partnership that has constantly transformed its institutions and procedures in an effort to manage conflict both internal and external to the alliance, and to adapt to a changing external world. And, as 60 years of history has demonstrated, it has been a partnership that has endured.

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THE PROJECT

In an era of global flux, emerging powers and growing interconnectedness, transatlantic relations appear to have lost their bearings. As the international system fragments into different constellations of state and non-state powers across different policy domains, the US and the EU can no longer claim exclusive leadership in global governance. Traditional paradigms to understand the transatlantic relationship are thus wanting. A new approach is needed to pinpoint the direction transatlantic relations are taking. TRANSWORLD provides such an approach by a) ascertaining, differentiating among four policy domains (economic, security, environment, and human rights/democracy), whether transatlantic relations are drifting apart, adapting along an ad hoc cooperation-based pattern, or evolving into a different but resilient special partnership; b) assessing the role of a re-defined transatlantic relationship in the global governance architecture; c) providing tested policy recommendations on how the US and the EU could best cooperate to enhance the viability, effectiveness, and accountability of governance structures.

CONSORTIUM

Mainly funded under the European Commission's 7th Framework Programme, TRANSWORLD is carried out by a consortium of 13 academic and research centres from the EU, the US and Turkey:

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