

# TRANSWORLD

THE TRANSATLANTIC RELATIONSHIP AND THE FUTURE GLOBAL GOVERNANCE

ISSN 2281-5252

WORKING PAPER 04 | SEPTEMBER 2012

In a world of growing interconnectedness and shifting power balances, the transatlantic relationship has lost its bearings. Old transatlantic paradigms have run their course, and yet no credible alternative has emerged. To this end, three steps are necessary: first, identify the changes, at both systemic and actor level, that have contributed to transforming transatlantic

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relations; second, define a spectrum of possible outcomes involving three ideal typical scenarios: structural drift, functional relationship, and enduring partnership; and third, distinguish the factors that might drive the US-European relationship towards one of these scenarios. In so doing, the stage is set for re-conceptualizing 21<sup>st</sup> century transatlantic relations.

Transworld is supported by the  
SEVENTH FRAMEWORK PROGRAMME



# Three Scenarios for the Future of the Transatlantic Relationship

Nathalie Tocci and Riccardo Alcaro\*

Global shift

Transatlantic relations

US-EU politics

## Introduction

During the Cold War the transatlantic relationship hinged on the notion of the 'West', a community based on common security, strategic and economic interests. Embedded in these interests was also the belief that binding the two shores of the Atlantic together were shared values, namely a mutual commitment to liberal democracy, individual human rights and free market capitalism, as well as strong societal connections and a common cultural heritage. This powerful constellation of interests, norms and identities, alongside a deeply intertwined history, not only gave birth to the notion of a 'security community' within which war had become unthinkable,<sup>1</sup> but also informed a shared vision of the West as having special responsibility for maintaining global peace, stability, and prosperity. Indeed, the Atlantic community was the driving force behind the establishment of the multilateral architecture that emerged from the Second World War, as reflected in the United Nations (UN) and the Bretton Woods systems.

Throughout the Cold War, the challenge posed by the Soviet Union and its satellites, both on the military and ideological levels, reinforced the feeling in the West of a special historical mission: defending and promoting values which, while Western by origin, were universal in essence. As the Cold War gave way to an era of American primacy, for a brief historical moment it looked like the West could achieve its long-standing ambition to exert unrivalled global leadership. Frequent disagreements – from the banana wars to the International Criminal Court (ICC) – notwithstanding, the post-Cold War years were generally marked by significant convergence between the United States (US) and European Union (EU) member states.

Over time, however, the areas of transatlantic conflict and disagreement expanded. The George W. Bush administration presided over a period of recurring tensions, particularly over the US-led invasion of Iraq in 2003. Meanwhile, a more subterranean and structural dynamic – the global shift of power towards Asia, especially China – has impacted the transatlantic relationship in a manner that, while less dramatic than the divide over Iraq, may end up being far more profound. US-European disputes during America's 'unilateral moment' of the

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<sup>1</sup> Karl W. Deutch et al., *Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience*, Princeton, Princeton University Press, 1957. See also Thomas Risse, "Determinants and Features of International Alliances and Structural Partnerships", in *Transworld Working Paper*, No. 3 (September 2012), <http://www.transworld-fp7.eu/?cat=13>.

early 2000s could still be seen historically as cyclical and endemic to the transatlantic relationship.<sup>2</sup> Yet the global shift underway could lead to transatlantic estrangement by default rather than by design. Alternatively, the relative decline of the West may spur Europe and the US to find common cause in leading the way to participatory forms of global governance. As a middle way, the transatlantic relationship may witness a structural re-orientation towards a more 'neutral' scenario in which US-European cooperation would unfold along an instrumental rather than value- and identity-based pattern.

Added to these systemic changes are actor-level changes underway within both the EU and the US. Stark in this respect are the ebbs, flows and crises of the European integration project, whose transatlantic repercussions are powerful yet still unclear.<sup>3</sup> Europe's ailing economy and its unending struggle for deeper integration may encourage an impatient America to turn its sights elsewhere. By contrast, the interconnectivity and interdependence of the transatlantic relationship is such that America may find it cannot afford to let Europe fall. In their turn, Europeans may develop greater awareness of the strategic centrality of a healthy relationship with the US for the sake of their security and socio-economic well-being. Conversely, they might opt for alternative partnerships in both the political and economic spheres. Moreover, the American economy may well represent the most critical domestic driver of the transatlantic relationship. In the face of a mounting public debt, Washington will likely have fewer resources to spend on foreign policy. Relations with Europe might suffer if the US concentrates its more limited foreign policy attention to what it views as the most urgent challenges stemming from the Pacific or the Middle East. But it can also benefit transatlantic relations if US leaders were to concur that a strong transatlantic partnership is critical to tackle those challenges more effectively.

In view of these contrasting forces, time seems ripe for a critical reappraisal of the transatlantic relationship and its role in the world. After recalling the main tenets of post-Cold War transatlantic relations, this paper reviews the structure- and actor-level changes affecting the transatlantic bond and outlines three possible scenarios for the period ahead. Although these three scenarios represent ideal types along a spectrum of possible alternatives, they set the terms of reference for a re-conceptualization of transatlantic relations. Following from this, the paper sketches the conditioning factors that may lead the US and Europe closer to one or more of the three scenarios, contributing to a new paradigmatic redefinition of the relationship between them.

## 1. Convergence and Crisis in Post-Cold War Transatlantic Relations

With the Cold War over, the 1990s witnessed a period of unrivalled Western pre-eminence. Western material power – both economic and military – was matchless compared to other regions. In 1995, the gross domestic product (GDP) of any non-Western country except Japan was just a tiny fraction of both the US and EU GDP (see graph 1). The average Western per capita income, even if calculated as purchasing power parity (PPP), was several times higher than Russia's and over forty times higher than China's (see graph 2). Transatlantic trade accounted for over 50 percent of global merchandise, while EU-US cumulative foreign direct investments (FDI) hovered around 60 percent of the world's total FDI (see graph 3). Western economic power was reflected in its military might, with NATO members' defence budgets far higher than those of Russia, China, Brazil and India combined (see graph 7).

2 Jussi N. Hanhimäki, Benedikt Schoenborn and Barbara Zanchetta, *Transatlantic Relations since 1945. An Introduction*, London and New York, Routledge, 2012.

3 Meltem Müftüleri-Baç and Damla Cihangir, "The European Union's Integration Process and Transatlantic Relations", in *Transworld Working Paper*, No. 4 (September 2012), <http://www.transworld-fp7.eu/?cat=13>.

Equally important, Western ideational power, epitomized by its model of liberal democracy and free market economy, wielded incomparable traction, to the point that some referred to the imminent 'end of history'.<sup>4</sup> Aside from its hyperbolic emphasis, this reading was significant in that it highlighted the widespread perception that the Western model of organizing public life would face no credible external challenge.

For most of the post-Cold War period, the US and EU countries framed the challenge of globalization as an opportunity for the West.<sup>5</sup> In the 1990s US President Bill Clinton organically linked the narrative on globalization to that of US primacy, construing globalization as a worldwide process of modernization through technological progress, economic interdependence, and political approximation to Western standards, with the US as its main engine.<sup>6</sup> Europeans carved out a distinct – though not independent – role for themselves in this narrative by portraying the deepening and widening of the Union as the specific European contribution to globalization. Non-mainstream discourses on globalization were also shared across the Atlantic. Considerable sections of Western civil society cast a more sinister light onto globalization, US primacy and the European integration project.<sup>7</sup> Rather than globalization's shining surface, its side-effects came into the spotlight: the widening gap between rich and poor, the dominance of corporate logics, the exploitation of labour in developing countries where Western industries de-localized, as well as the resulting domestic costs in terms of wage erosion, unemployment, out-sourcing and social benefits cuts. Both mainstream and alternative discourses on globalization thus cut across oceanic boundaries, testifying to the strength of transatlantic inter-societal ties and discursive practices.

Propped up by an impressive accumulation of material and ideational power, during the 1990s and early 2000s, the transatlantic partners expanded their range of action on a global scale.<sup>8</sup> Discarding the 'out of business' destiny, NATO evolved into an 'out of area' organization, shifting its identity from a territorial defence-based alliance into a security actor specialized in crisis management.<sup>9</sup> The Western-dominated the G7/G8 displayed a growing tendency, albeit not always capacity, to shape global governance across economic, security, environmental, and development issues. Western norms of liberal democracy and supply-side economics spread beyond the West<sup>10</sup> through EU and NATO enlargements and with the Washington consensus becoming standard practice in the policies of the International Financial Institutions (IFIs) and international donors.

Predictions that the loss of Europe's strategic centrality in US eyes would undermine the transatlantic bond failed to materialize.<sup>11</sup> Occasional spats – such as the initial scepticism with which the US reacted to EU plans to

4 Francis Fukuyama, *The End of History*, in *The National Interest*, No. 16 (1989), p. 3-18.

5 The *New Transatlantic Agenda*, 1995, <http://www.eurunion.org/partner/agenda.htm>.

6 Anthony Lake, *From Containment to Enlargement*, remarks at Johns Hopkins University SAIS, Washington, 21 September 1993, <https://www.mtholyoke.edu/acad/intrel/lakedoc.html>.

7 Naomi Klein, *No Logo*, London, HarperCollins, 2000; Michael Hardt and Antonio Negri, *Empire*, Cambridge, Harvard University Press, 2000.

8 G. John Ikenberry, *After Victory. Institutions, Strategic Restraint, and the Rebuilding of Order After Major Wars*, Princeton, Princeton University Press, 2001.

9 James M. Goldgeier, *Not Whether but When. The U.S. Decision to Enlarge NATO*, Washington, Brookings Institution Press, 1999; David S. Yost, *NATO Transformed. The Alliance's New Roles in International Security*, Washington, United States Institute of Peace Press, 1998; Lawrence S. Kaplan, *NATO Divided, NATO United. The Evolution of an Alliance*, Westport, Praeger, 2004, p. 199.

10 Samuel P. Huntington, *The Third Wave. Democratization in the Late Twentieth Century*, Norman, University of Oklahoma Press, 1991.

11 Michael J. Hogan (ed.), *The End of the Cold War. Its Meaning and Implications*, Cambridge and New York, Cambridge University Press, 1992; Robert O. Keohane, Joseph S. Nye and Stanley Hoffmann (eds), *After the Cold War. International Institutions and State Strategies in Europe, 1989-1991*, Cambridge, Harvard University Press, 1993; John J. Mearsheimer, "Back to the Future. Instability in Europe After the Cold War", in *International Security*, Vol. 15, No. 1 (Summer 1990), p. 5-56; Peter D. Sutherland, "The European Union: A Stage of Transition", in *EUI Jean Monnet Lecture*, No. 17 (1995), <http://cadmus.eui.eu/handle/1814/22143>; Stephen M. Walt, "The Ties that Fray: Why Europe and America are Drifting Apart", in *The National Interest*, No. 54 (Winter 1998/1999), p. 3-11, <http://www.comw.org/pda/swalt.pdf>; David Pryce-Jones, "Bananas are the Beginning: The Looming war between America and Europe", in *National Review*, Vol. 51, No. 6 (5 April 1999); Joseph S. Nye, "The US and Europe: continental drift?", in *International Affairs*, Vol. 76, No. 1 (January 2000), p. 51-59, <http://www.chathamhouse.org/sites/default/files/public/International%20Affairs/Blanket%20File%20Import/inta119.pdf>.

build an autonomous military arm – were overshadowed by the degree of economic and strategic convergence. With the creation of the World Trade Organization (WTO), NATO's interventions in the Balkans, and the dual enlargement of NATO and the EU, the post-Cold War period witnessed a depth of transatlantic ties that would not compare unfavourably with Cold War standards.

Nevertheless, the potential for conflict never subsided. This was plainly evident when the attacks on 11 September 2001 in the US triggered an American unilateral moment. In fact, as the Bush administration displayed an evident reluctance to be bound by the rules of the multilateral game, many referred openly to an era of American empire.<sup>12</sup> That empire, the narrative went, had been acquired in a 'state of denial' over the 20th century. 9/11 was the moment of reckoning, for Americans and non-Americans alike, with the reality that US power and the reactions to it were the stuff that only an empire could flaunt.<sup>13</sup> While not built on colonies, the American empire-lite was such because it articulated, enforced, but also exempted itself from global rules (the ICC, the Kyoto Protocol) according to the American interest. At the height of America's unilateral moment, many in Europe questioned the continued validity of an Atlantic community based on shared interests and values. Public opinion polls highlighted stark transatlantic differences on a host of issues, ranging from the formulation of policy goals – for instance, on the environment and human rights protection – to the definition of the appropriate policy means to pursue them – ranging from multilateralism, the use of force, to the desirability of US leadership in the world.<sup>14</sup> Some argued that America and Europe simply belonged to different 'planets'.<sup>15</sup> But notwithstanding its acrimonious tones, in those years the transatlantic debate was alive and well. Rancorous as the debate may have been during Bush's first term, Europeans and Americans remained by and large focused on one another in the international realm, paradoxically testifying to the continued relevance of an Atlantic community.

Transatlantic crisis talk gradually subsided as the US was sucked into the quick-sands of Afghanistan and Iraq. The second Bush administration abandoned the aggressive tones that had characterized its first term and sought greater cooperation with its allies. Thereafter, the financial crisis and the Obama presidency signalled an American rekindling of the ethos and rules of multilateral practice. Across the EU, there was a staggering bounce in public approval ratings of the American president following Obama's election.<sup>16</sup> Approval for Bush in 2008 had hovered around the 10-20 percent mark across most member states, with outlier countries being the staunch Atlanticists Romania and Poland (but even here, support remained relatively low, at 44 percent in each country). In sharp contrast, in 2009 President Obama enjoyed record high ratings of around 80-90 percent in most member states, never falling below the 55 percent mark (Poland). Europe's 'Obamania', however, did not usher in a strengthened transatlantic partnership as many initially had hoped.<sup>17</sup> Obama's calls for Europe to take on greater responsibility for its neighbourhood and a fairer burden-sharing in Afghanistan proved controversial. Europeans also continued to doubt the transatlantic alliance's ability to deliver increased security and prospere-

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12 Michael Cox, "Empire? The Bush Doctrine and the Lessons of History", in David Held and Mathias Koenig-Archibugi (eds), *American Power in the 21st Century*, Cambridge, Polity Press, 2004, p. 21-51; Christopher Layne and Bradley A. Thayer, *American Empire. A Debate*, London and New York, Routledge, 2007; Sebastian Mallaby, "The Reluctant Imperialist: Terrorism, Failed States, and the Case for American Empire", in *Foreign Affairs*, Vol. 81, No. 2 (March/April 2002), p. 2-7.

13 Michael Ignatieff, "The American Empire; The Burden", in *The New York Times*, 5 January 2003, <http://www.nytimes.com/2003/01/05/magazine/the-american-empire-the-burden.html>.

14 German Marshall Fund of the United States, *Transatlantic Trends 2003*, [http://trends.gmfus.org/?page\\_id=2705](http://trends.gmfus.org/?page_id=2705); German Marshall Fund of the United States, *Transatlantic trends 2004*, [http://trends.gmfus.org/?page\\_id=2703](http://trends.gmfus.org/?page_id=2703).

15 Robert Kagan, *Paradise and Power. America and Europe in the New World Order*, London, Atlantic Books, 2003; Robert Cooper, *The Breaking of Nations. Order and Chaos in the Twenty-First Century*, London, Atlantic Books, 2003.

16 German Marshall Fund of the United States, *Transatlantic Trends 2009*, [http://trends.gmfus.org/?page\\_id=2690](http://trends.gmfus.org/?page_id=2690).

17 Ruth Hatlapa and Andrei Markovits, *The Compatibility of Obamamania and Anti-Americanism in West European Discourse*, paper presented at the 17th International Conference of Europeanists, Montreal, 15-17 April 2010.

ity. The fact that Obama has often been described as relatively disinterested in Europe has only added to this general sense of scepticism and disillusion.<sup>18</sup>

## 2. Structure and Actor-Level Changes in Transatlantic Relations

### Systemic Changes: The Global Shift

At the core of these dampened expectations lies what seems to be the structural feature of early 21st century international politics: the global shift of power. The rise of new powers and the resurgence of old ones have brought about the dissolution of an international system marked by the pre-eminence of the West, and specifically the US. In parallel with this power shift, alternative visions of the world order are surfacing.<sup>19</sup>

The systemic and paradigmatic nature of this new constellation of power is intensely debated. Many scholars are inclined to characterize the emerging system as 'multipolar',<sup>20</sup> in contrast to the bipolar system of the Cold War era and, also, to the ephemeral but significant 'unipolar' moment that prevailed in the 1990s and early 2000s.<sup>21</sup> Yet, it is indicative of the deep uncertainty of the present moment that even this basic categorization is resisted by many. While there is considerable evidence suggesting that multipolarity – or something like it – is prevalent in some policy domains (namely the economy), in other areas competing concepts such as non-polarity (in the security field, for instance) or inter-polarity (in environmental politics) seem to capture reality better.<sup>22</sup>

The global shift, in its different permutations across policy areas, is increasing the complexity of global challenges and questioning the legitimacy of existing governance architectures. It remains an open question whether emerging power constellations increase the scope for institutionalized multilateralism and of what kind, or whether they raise the prospects for conflict, unilateralism, bilateralism, regionalism or ad hoc 'coalitions of the willing'.<sup>23</sup> The push to reform multilateral bodies such as the IFIs and the United Nations Security Council (UNSC) reflects the widely felt need to upgrade governance mechanisms so as to make them more effective, accountable and reflective of the changing realities in the international system.

The transatlantic implications of these systemic changes are nebulous. What is certain is that the US and the EU are losing ground with respect to other countries in the world in economic, political-security and demographic

18 Constanze Stelzenmüller, "End of a Honeymoon. Obama and Europe, One Year Later", in *Brussels Forum Papers*, March 2010, <http://www.gmfus.org/brusselsforum/2010/docs/BF2010-Paper-Stelzenmuller.pdf>.

19 Graeme P. Herd (ed.), *Great Powers and Strategic Stability in the 21st Century. Competing Visions of World Order*, London and New York, Routledge, 2010.

20 John J. Mearsheimer, *The Tragedy of Great Power Politics*, New York, Norton, 2001; Charles A. Kupchan, *The End of the American Era. U.S. Foreign Policy and the Geopolitics of the Twenty-First Century*, New York, Knopf, 2002.

21 Charles Krauthammer, "The Unipolar Moment Revisited", in *The National Interest*, No. 70 (Winter 2003), p. 5-17; Charles Krauthammer, "Crossing lines: A secular argument against research cloning", in *The New Republic*, 29 April 2002, p. 20-23; Charles Krauthammer, "The Unipolar Moment", in *Foreign Affairs*, Vol. 70, No. 1 (Winter 1990), p. 23-33; Joseph S. Nye, *Paradox of American Power. Why the World's Only Superpower Can't Go It Alone*, Oxford and New York, Oxford University Press, 2002.

22 As opposed to multipolarity, non-polarity emphasizes that while the former unipole - the US - may be declining, it is not being matched by other poles of equivalent status. See Richard N. Haass, "The Age of Nonpolarity. What Will Follow U.S. Dominance", in *Foreign Affairs*, Vol. 87, No. 3 (May/June 2008), p. 44-56. Inter-polarity instead stresses the meaning of multipolarity in an interconnected and interdependent world, where what matters is not simply the poles, but also and above all what takes place between them. See Giovanni Grevi, "The Interpolar World. A New Scenario", in *EUISS Occasional Paper*, No. 79 (June 2009), <http://www.iss.europa.eu/publications/detail/article/the-interpolar-world-a-new-scenario>. See also John Peterson, Nathalie Tocci and Riccardo Alcaro, "Multipolarity and Transatlantic Relations: Multilateralism and Leadership in a New International Order", in *Transworld Working Paper*, No. 1 (September 2012), <http://www.transworld-fp7.eu/?cat=13>.

23 John J. Mearsheimer, *The Tragedy of Great Power Politics*, cit.

terms (see graphs 4 and 5), and this, while putting their leadership capacity to serious test,<sup>24</sup> will warrant an adjustment of their relationship. Thus, will the transatlantic partnership endure the global shift through its cyclical ebbs and flows? Or will it drift as both the EU and the US are pushed and pulled by multiple forces in a world in flux? And if the transatlantic relationship endures, will it be relegated to a declining and thus increasingly defensive alliance, or will it succeed in opening to others while not breaking up itself in the process?

## Actor-Level Changes: US Politics and Economics and European Integration

The transatlantic relationship is and will be affected not only by structural changes at the global level. Equally important are actor-level changes within the US and Europe.

American domestic politics and economics are critical to understanding transatlantic and global dynamics. The 2008-9 global financial crisis that originated within the US has led to the questioning of the economic paradigm of extreme deregulation and supply-side economics within Europe and worldwide.<sup>25</sup> Meanwhile, America's mounting public debt problems hamper its ability to lead externally. But for all the talk of America's decline and its 'leadership from behind',<sup>26</sup> an alternative paradigm for the transatlantic relationship struggles to emerge. Lacking a clear vision in this respect, President Obama has opted for pragmatism, adapting to a changing domestic context by pursuing a multi-vectored foreign policy. Hence references to Obama as the first 'Pacific President' or Secretary of State Hillary Clinton's call for an 'East Asia pivot'.<sup>27</sup> At the same time, however, US officials continue to subscribe to the continued relevance of the Atlantic community.<sup>28</sup>

The dominant paradigm underpinning transatlantic relations has traditionally been rooted in American domestic politics and economics rather than in Europe. Yet, far more than America, Europe has internally transformed itself through its integration project to an extent that has critically impinged on transatlantic ties. European integration has led to the emergence of a new, and partly separate, dimension of the transatlantic relationship, alongside NATO and the bilateral relations between the US and EU member states. The periodical EU-US summits might well be as ambitious in scope as hollow in content.<sup>29</sup> Yet, with their packed agendas, which may comprise any item from tariffs on bananas to cyber-security and Kosovo's independence, they are indicative of the multiple dimensions in which today's transatlantic relations unfold. At the same time, the EU's emergence as a *sui generis* entity comprising both supranational and intergovernmental elements has brought about a situation in which the Union and national institutions can find themselves in competition with one another, thereby adding a layer of complexity to the transatlantic relationship.

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24 John Peterson, Nathalie Tocci and Riccardo Alcaro, "Multipolarity and Transatlantic Relations: Multilateralism and Leadership in a New International Order", cit.

25 Stephany Griffith-Jones, José Antonio Ocampo, and Joseph Stiglitz (eds), *Time for a Visible Hand. Lessons from the 2008 World Financial Crisis*, Oxford and New York, Oxford University Press, 2010; Joseph Stiglitz, "The fruit of hypocrisy", in *The Guardian*, 16 September 2008, <http://www.guardian.co.uk/commentisfree/2008/sep/16/economics.wallstreet>.

26 Ryan Lizza, "The Consequentialist. How the Arab Spring remade Obama's foreign policy", in *The New Yorker*, 2 May 2011, [http://www.newyorker.com/reporting/2011/05/02/110502fa\\_fact\\_lizza](http://www.newyorker.com/reporting/2011/05/02/110502fa_fact_lizza).

27 Barack H. Obama, *Remarks at Suntory Hall*, Tokyo, 14 November 2009, <http://www.whitehouse.gov/the-press-office/remarks-president-barack-obama-suntory-hall>; Hillary Rodham Clinton, *America's Pacific Century*, remarks at East-West Center, Honolulu, 10 November 2011, <http://www.state.gov/secretary/rm/2011/11/176999.htm>; Hillary Rodham Clinton, "America's Pacific Century", in *Foreign Policy*, November 2011, [http://www.foreignpolicy.com/articles/2011/10/11/americas\\_pacific\\_century](http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century).

28 Hillary Rodham Clinton and Leon Panetta, *Remarks at Euro-Atlantic Security Initiative*, Munich, 4 February 2012, <http://translations.state.gov/st/english/texttrans/2012/02/20120204144544su0.7067922.html>; Lael Brainard, *Examining the European Debt Crisis and its Implications*, written testimony before the Senate Banking Committee, 16 February 2012, <http://www.treasury.gov/press-center/press-releases/Pages/tg1425.aspx>.

29 Jolyon Howorth, "A New Institutional Architecture for the Transatlantic Relationship?", in *Europe Visions*, No. 5 (June 2009), [http://www.ifri.org/files/Europe\\_visions/EuropeVisions5\\_Howorth\\_final.pdf](http://www.ifri.org/files/Europe_visions/EuropeVisions5_Howorth_final.pdf).

This intricacy is evident in different policy domains. In the economic sphere, the EU has acquired single actor status in the WTO, which puts it on an equal footing with the US in trade relations.<sup>30</sup> Nevertheless, the Union struggles to agree on a common line in macro-economic terms, a difficulty also reflected in its inability to agree on a single EU representation within IFIs.<sup>31</sup> In the security field, the EU's ambition to perform security tasks has given a subtly antagonistic flavour to its relationship with NATO and, in the recent past, nurtured concerns in Washington about Europe's decoupling from the US. While such concerns have largely dissipated, the problem of creating effective NATO-EU synergies persists. Divisions over issues such as Turkey's EU accession and the unresolved Cyprus question, in particular, have been stumbling blocks in EU-NATO cooperation for years.<sup>32</sup> In other fields, such as environmental and human rights politics, the EU has been more successful in presenting a single voice and acting as a norm-setter. Yet, to date, the Union's actorness<sup>33</sup> has not produced the desired changes in the global governance architecture, be it because of the EU's inability to act and react swiftly over the course of international negotiations (witness the EU's failure to induce global consensus at the Copenhagen summit in December 2009) or because its own strategic interests at times trump the consistent pursuit of human rights in regions such as China, the Middle East or Central Asia.<sup>34</sup> As for global governance, the EU has expressly committed itself to 'effective multilateralism'.<sup>35</sup> However, the EU's contribution to the strengthening of the multilateral system has been hampered by its own internal divisions, painfully on display in its reluctance to embrace a single EU representation or at least single position in the UNSC.<sup>36</sup> While the EU remains strongly committed rhetorically to multilateralism, it is more inclined to support international law than to pool resources with other international actors.<sup>37</sup> Its contribution to 'effective multilateralism' is thus not unambiguous.<sup>38</sup>

It is not only the EU's construction, with all its complexities and paradoxes, which is of relevance for the transatlantic relationship. It is also and more dramatically the peril of the EU's destruction that is impacting forcefully on transatlantic relations. At no point has this been clearer than at the current juncture, with the EU, and in particular the Eurozone, enmeshed in the gravest crisis in its history. In view of the interconnectedness between the two shores of the Atlantic, the Eurozone crisis has been viewed as a transatlantic crisis.<sup>39</sup> Visits by senior American officials to Europe have been far more frequent since the outbreak of the crisis. Arguably because of

30 Chad Damro, "EU Delegation and Agency in International Trade Negotiations: A Cautionary Comparison", in *Journal of Common Market Studies*, Vol. 45, No. 4, (2007), p. 881-901; John Peterson and Alasdair R. Young (eds), *The European Union and the New Trade Politics*, London, Routledge, 2007.

31 Daniel Gros, "Europe in the IMF", in *CEPS Commentary*, 4 October 2010, <http://www.ceps.eu/book/europe-imf>.

32 Nathalie Tocci, *Turkey's European Future. Behind the Scenes of America's Influence on EU-Turkey Relations*, New York and London, New York University Press, 2011.

33 Christopher Hill, "The Capability-Expectation Gap, or Conceptualising Europe's International Role", in *Journal of Common Market Studies*, Vol. 31, No. 3, (September 1993), p. 305-328, <http://onlinelibrary.wiley.com/doi/10.1111/j.1468-5965.1993.tb00466.x/pdf>; Joseph Jupille and James A. Caporaso, "States, Agency, and Rules: the European Union in Global Environmental Politics", in Carolyn Rhodes (ed.), *The European Union in the World Community*, Boulder, Lynne Rienner, 1998, p. 213-229, <http://sobek.colorado.edu/~jupille/research/1998-Rhodes.pdf>.

34 Chad Damro, Iain Hardie, Donald MacKenzie, "EU and Climate Change Policy: Law, Politics and Prominence at Different Levels", in *Journal of Contemporary European Research*, Vol. 4, No. 3 (2008), p. 179-192; Karen E. Smith, *The Making of EU Foreign Policy. The Case of Eastern Europe*, New York, St. Martin's Press, 1999; Nathalie Tocci (ed.), "Who is a Normative Foreign Policy Actor? The European Union and its Global Partners", in CEPS Paperbacks, May 2008, <http://www.ceps.eu/node/1490>.

35 Council of the European Union, *A Secure Europe in a Better World. European Security Strategy, Brussels*, 12 December 2003, <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf>; see also *Providing security in a changing world. Report on the implementation of the European Security Strategy*, Brussels, 11 December 2008, [http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressdata/EN/reports/104630.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressdata/EN/reports/104630.pdf).

36 Michael Emerson and Piotr Maciej Kaczyński, "Looking afresh at the external representation of the EU in the international arena, post-Lisbon", in *CEPS Policy Brief*, No. 212 (July 2010), <http://www.ceps.eu/book/looking-afresh-external-representation-eu-international-arena>.

37 Nadia Klein et al., "Diplomatic Strategies of Major Powers: Competing Patterns of International Relations? The Cases of the United States of America, China and the European Union", in *MERCURY E-paper*, No. 2 (February 2010), [http://www.mercury-fp7.net/fileadmin/user\\_upload/E-paper\\_no2\\_r2010.pdf](http://www.mercury-fp7.net/fileadmin/user_upload/E-paper_no2_r2010.pdf); Caroline Bouchard, John Peterson, and Nathalie Tocci, *The European Union and Multilateralism in the 21st Century. The Quest for Effectiveness*, London and New York, Routledge, 2012; Caroline Bouchard and John Peterson, "Conceptualising Multilateralism: Can We All Just Get Along?", in *MERCURY E-paper*, No. 1 (January 2011), [http://www.mercury-fp7.net/fileadmin/user\\_upload/E\\_paper\\_no\\_1\\_\\_Revised\\_Version.pdf](http://www.mercury-fp7.net/fileadmin/user_upload/E_paper_no_1__Revised_Version.pdf).

38 Caroline Bouchard, John Peterson, and Nathalie Tocci, *The European Union and Multilateralism in the 21st Century*, cit.

39 Remarks by Michelle Egan at the Transworld Kick-Off Conference on *The West and the BRICS: The Challenge of Global Governance*, Rome, 20 April 2012.

the crisis, American public attention to Europe has also distinctly risen as of late.<sup>40</sup> At the heart of this American engagement is the concern that Europe's crisis risks thwarting the American recovery. In other words, the fate of the euro and of the EU as a whole are part and parcel of American domestic politics, issues from which US officials cannot turn away.

As is the case with the impact of systemic changes, the implications of these actor-level changes for the future of transatlantic relations are still unclear. Will the US and EU frame globalization and the rise of new powers in terms of threats warranting an added layer of protection? And will the transatlantic relationship be identified as such a layer? Or will engagement, both at the transatlantic level and between the West and the rest of the world, be the new lodestar of American and European discourses? Conversely, will the US and the EU re-define their evolving identities, interests and actions by insisting on their respective differences, each following an autonomous path?

### 3. Three Scenarios for the Transatlantic Relationship

The ins and outs of these systemic and actor-level changes will massively impinge on the relationship between Europe and America. Yet, the spectrum of potential evolutionary patterns is wide. Below we outline three broad scenarios representing possible futures lying ahead. Each scenario is defined in terms of policy goals, means, and action patterns – towards conservation or transformation of the international system and related governance mechanisms – which in their turn reflect particular configurations of interests and social identities. We have deliberately constructed the three scenarios as ideal types that oversimplify reality. Their purpose is not descriptive but analytical, their content regulative rather than constitutive. The outlined scenarios are not meant to be accurate predictions of the future. Rather, they meant to be terms of reference for an assessment of the conditions under which specific dimensions of transatlantic relations may tend more towards proximity or estrangement.

#### Structural Drift

On one extreme, we find a scenario of structural drift. Here, the historic partners find it increasingly difficult to agree on a shared policy platform as they are torn apart by diverging interests and identities. Institutions are unable to close such a gap. As a result, incompatible policy goals, means and action patterns emerge and consolidate.

Talk about a structural drift between the US and Europe is not new. In the early post-Cold War period a vast literature concentrated on the future of NATO.<sup>41</sup> Largely rooted in an International Relations (IR) realist tradition, some hypothesized that the disappearance of the Soviet existential threat and the consequent loss of the European continent's strategic pre-eminence in American eyes would eventually result in the dissolution of the transatlantic bond.<sup>42</sup> This view was initially contradicted by NATO's expansion and crisis management activism.

40 When asked whether the EU or Asia were more important to US national interests, a 55% of Americans responded that the EU was more important than Asia - a shift of 17 percentage points over the 2011 survey. See German Marshall Fund of the United States, *Transatlantic Trends 2012: Key Findings*, <http://trends.gmfus.org/transatlantic-trends>.

41 Charles L. Glaser, "Why NATO is Still Best. Future Security Arrangements for Europe", in *International Security*, Vol. 18, No. 1 (Summer 1993), p. 5-50; Günther Hellmann and Reinhardt Wolf, "Neo-Realism, Neo-Liberal Institutionalism and the Future of NATO", in *Security Studies*, Vol. 3, No. 1 (Autumn 1993), p. 3-43; Robert B. McCalla, "NATO's Persistence After the Cold War", in *International Organization*, Vol. 50, No. 3 (Summer 1996), p. 445-475; Thomas Risse, "Collective Identity in a Democratic Community: The Case of NATO", in Peter J. Katzenstein (ed.), *The Culture of National Security. Norms and Identity in World Politics*, New York, Columbia University Press, 1996, p. 357-399; Celeste A. Wallander, "Institutional Assets and Adaptability: NATO After the Cold War", in *International Organization*, Vol. 54, No. 4 (Autumn 2000), p. 705-736, [http://mitpress.mit.edu/journals/Inor/pdf/inor\\_54\\_4\\_705\\_0.pdf](http://mitpress.mit.edu/journals/Inor/pdf/inor_54_4_705_0.pdf); Kurt M. Campbell, "The End of Alliances? Not So Fast", in *The Washington Quarterly*, Vol. 27, No. 2 (Spring 2004), p. 151-163.

42 Michael J. Hogan (ed.), *The End of the Cold War*, cit.; Robert O. Keohane, Joseph S. Nye and Stanley Hoffmann (eds), *After the Cold War*, cit.

It was then revived during Bush's first term, this time being shared across different schools of IR thought.<sup>43</sup> A trend towards drift was confirmed by public opinion data. A rift had already emerged in the 1990s, in view of the European public's reluctance to use force.<sup>44</sup> But it grew exponentially in the early 2000s when studies recorded both in Europe<sup>45</sup> and in the US<sup>46</sup> a sense of estrangement between elites and the publics, exacerbated in the case of Europe by the unpopular Iraq war.

Today's alleged trend towards a structural drift partly reflects old dynamics and partly entails new processes, intrinsically linked to the global shift and the Eurozone crisis. With the rise of Asia, the transatlantic dimension of the US and the EU's respective economic policies is losing its former pre-eminence. Both EU-Asia and US-Asia trade volumes have long exceeded the amount of EU-US trade, and the gap is widening (see graph 5). In the case of the EU, differences in investment growth rates are even more striking (see graph 6). In political-security terms, US troops in Europe hover around 70,000, the lowest level since the 1950s. While NATO still provides a common security roof, the multiplication of tasks to which it is now committed, as well as the fragmentation of perceived security challenges, have diluted its sense of common strategic purpose. Furthermore, the link generated by a common cultural heritage is waning as the cohort of American servicemen and women who served in Europe dwindles and US-born citizens of European descent reach an umpteenth generation.<sup>47</sup>

With the Cold War becoming a fading memory, China rising to superpower status, and instability rife from the Middle East to Southeast Asia, a relatively stable Europe has slid down the American list of security priorities. The Asia pivot is the slogan exemplifying this drift. The 2011 US decision to relocate 2,500 American marines to north Australia or the Asia-Pacific Economic Cooperation (APEC) meeting leading to an eventual Trans-Pacific Partnership are first concrete signs of the pivot.<sup>48</sup> Equally relevant are US moves to forge closer ties with all countries of the Asia-Pacific, as manifest in the US's participation in the 2011 East Asia Summit (EAS). Public opinion trends support these conclusions. Recent PEW data shows that in the US the percentage of those who think that Europe is the most important area to the US is down from 50 percent in 1993 to 37 percent in 2011.<sup>49</sup> The percentage of those answering that Asia is the most important area for the US is up from 31 percent in 1993 to 47 percent in 2011. Europe too is engaged in its own Asian pivot. In May 2012 EU High Representative for Fo-

43 Ivo Daalder, "The End of Atlanticism", in *Survival*, Vol. 45, No 2, (Summer 2003), p. 147-165; Robert Kagan, *Paradise and power*, cit.; Elizabeth Pond, *Friendly Fire. The Near-Death of the Transatlantic Alliance*, Pittsburgh, European Union Studies Association, 2004; Philip H. Gordon and Jeremy Shapiro, *Allies at War. America, Europe and the Crisis over Iraq*, New York, McGraw-Hill, 2004; Jürgen Habermas and Jacques Derrida, "February 15, or, What Binds Europeans Together: Plea for a Common Foreign Policy, Beginning in Core Europe", in Daniel Lévy, Max Pensky and John Torpey (eds), *Old Europe, New Europe, Core Europe. Transatlantic Relations after the Iraq War*, London, Verso, 2005, p. 3-13; John Peterson, "Transatlantic Relations After Iraq: Wolf at the Door This Time?", in *European Political Science*, Vol. 5, No. 1 (March 2006), p. 52-61; Michael Cox, "Another Transatlantic Split? American and European Narratives and the End of the Cold War", in *Cold War History*, Vol. 7, No. 1 (February 2007), p. 121-146.

44 Richard Sobel, "U.S. and European Attitudes Toward Intervention in the former Yugoslavia: Mourir pour la Bosnie?", in Richard H. Ullman (ed.), *The World and Yugoslavia's Wars*, New York, Council on Foreign Relations, 1996, p. 145-180.

45 Liesbeth Hooghe, *The European Commission and the Integration of Europe. Images of Governance*, Cambridge, Cambridge University Press, 2001; Ronald Asmus, Philip P. Everts and Pierangelo Isernia, *Across the Atlantic and the Political Aisle: the Double Divide in U.S.-European Relations*, interpretive essay in *Transatlantic trends*, 2004, <http://mail.gees.org/documentos/Documen-262.pdf>.

46 Benjamin I. Page with Marshall M. Bouton, *The Foreign Policy Disconnect: What Americans Want from Our Leaders but Don't Get*, Chicago, University of Chicago Press, 2006.

47 R. Scott Fosler et al., *Demographic Change and the American Future*, Pittsburgh, University of Pittsburgh Press, 1990; Alexander DeConde, *Ethnicity, Race, and American Foreign Policy. A History*, Boston, Northeastern University Press, 1992; Christopher Coker, *Twilight of the West*, Boulder, Westview Press, 1998; Charles A. Kupchan (ed.), *Atlantic Security. Contending Visions*, New York, Council on Foreign Relations Press; Washington, Brookings Institution Press, 1998; William Wallace, "As Viewed from Europe: Transatlantic Sympathies, Transatlantic Fears", in *International Relations*, Vol. 16, No. 2 (August 2002), p. 281-286; Samuel P. Huntington, *Who are We? America's Great Debate*, London, Free Press, 2005; Leon Fuerth, "Prospects for a Common Transatlantic Strategy to Address Newly Emerged Threats and Challenges: Complexity and Response", in Riccardo Alcaro (ed.), *Re-launching the Transatlantic Security Relationship*, Rome, IAI, November 2008 (IAI Quaderni English Series, No. 12), p. 9-16.

48 Joseph S. Nye, "Obama's Pacific Pivot", in *Project Syndicate*, 6 December 2011, <http://www.project-syndicate.org/commentary/obama-s-pacific-pivot>.

49 PEW Research Center, *Strengthen Ties with China, But Get Tough on Trade. 2011 Political Survey Final topline, 2011*, <http://pewresearch.org/pubs/1855/china-poll-americans-want-closer-ties-but-tougher-trade-policy>. This data should be read with a pinch of salt however. In 2012, the GMF *Transatlantic Trends* revealed a rise in European and American interest in each other, with 61 percent of Europeans and 55 percent of Americans considering the US and the EU, respectively, the most important region to their national interest. German Marshall Fund of the United States, *Transatlantic Trends 2012*, cit.

reign Affairs and Security Policy Catherine Ashton led the largest ever delegation of EU officials to an EU-ASEAN ministerial dialogue, which pledged deeper institutional ties on a vast array of issues from counter-terrorism to trade. As put by an EU official: 'The U.S. will be an Asian power. We will be an Asian partner'.<sup>50</sup>

In addition, the EU is absorbed by internal economic and institutional issues, as well as the unresolved debate over its strategic interests and identity. This debate stretches from defining the Union's relationship with Turkey, to finding an enduring *modus vivendi* with Russia, and developing an effective neighbourhood policy. Above all, since 2009-10, the EU has been grappling with its gravest crisis ever. What began as a Greek sovereign debt crisis has ballooned into a full-blown Eurozone calamity, which not only imperils the survival of the single currency – by far the most significant achievement of the European integration process to date – but also hangs a Damocles' sword over the very existence of the Union. The prospects of Greece's forced exit, and the spillover effects it may have on other debtor member states, may generate uncontrollable centrifugal forces in the EU. The magnitude of this crisis is such that Europeans have been singularly preoccupied with salvaging the EU ship. All other concerns, from the Arab uprisings next door to the future of the transatlantic relationship have vertically slid down the list of priorities. Recognizing these realities, the US's inclinations to turn its sights elsewhere could be reinforced.

In short, in the structural drift scenario, the US and Europe, while not voluntarily parting ways from one another, would drift apart as they become caught up in the vortex of centrifugal global systemic and internal – particularly European – forces.

## Enduring Partnership

On the other end of the spectrum, we find Europe and America establishing an enduring partnership. In this scenario, the historic partners would broadly agree on long-term visions and policy platforms, articulated through dialogic exchange within official and unofficial institutions and networks of which they are part. Based on shared interests, values and identities, their policy goals, means and action patterns would tend to converge and be complementary. While disagreements, frictions and crises would still exist – and indeed would be the endemic by-product of such complex and dense relations – the institutionalized web of relations embedding the transatlantic partners would provide effective conflict management mechanisms.

The ideational traits that characterize the transatlantic relationship, in particular the commitment to liberal democracy and individual liberties, are perhaps the most important factors reinforcing the plausibility of this scenario. Coupled with a history of extraordinary closeness, common values and identities would ensure the endurance of the transatlantic relationship as a form of partnership that is peculiar to the West alone, as no other similar constellation is conceivable for either Americans or Europeans.<sup>51</sup> The EU and the US would define their interests on the grounds of their ideational similarities. As a result, they would be naturally inclined to work on coordinated responses to the challenges lying ahead and manage their difference constructively.

Beyond current ideational proximity, the enduring partnership scenario is also based on the bedrock of recent economic and political history. At the economic level, for instance, the same evidence supporting the structural drift scenario, if looked at from a different perspective, can be used to draw a very different picture. The transatlantic economy continues to represent the lion's share of the world economy. The growing importance of

50 Laurence Norman, "The EU Looks to Its Own Asia Pivot", in *The Wall Street Journal. Real Time Brussels blog*, 3 May 2012, <http://blogs.wsj.com/brussels/2012/05/03/eu-looks-to-its-own-asia-pivot>.

51 Simon Serfaty (ed.), *A Recast Partnership? Institutional dimensions of transatlantic relations*, Washington, CSIS Press, 2008; Simon Serfaty (ed.), *The Vital Partnership. Power and Order. America and Europe beyond Iraq*, Lanham, Rowman & Littlefield, 2005; G. John Ikenberry, "Myth of Post-Cold War Chaos", in *Foreign Affairs*, Vol. 75, No. 3 (May/June 1996), p. 79-91; Daniel Deudney and G. John Ikenberry, "Nature and Sources of Liberal International Order", in *Review of International Studies*, Vol. 25, No. 2 (April 1999), p. 179-196.

EU-Asia and US-Asia trade relations cannot obscure the fact that two-way trade in goods between the EU and the US still accounts for roughly one third of global trade; while transatlantic trade in services nears 40 percent of global trade. The EU and the US combined make up 63 percent of the global stock of inward FDI and 75 percent of outward FDI stock.<sup>52</sup> They account for three quarters of the total size of global financial markets and 80 percent of global development assistance.

More important is the relevance of the EU and the US to one another's economic (mis)fortunes. The American and European economies may still not be very integrated, but they certainly remain interpenetrated to a degree unrivalled in the world. As reported by Daniel Hamilton, the transatlantic economy – defined as the economic value of all US-European trade and investment – generates \$5 trillion of commercial sales a year and employs up to 15 million workers. The sheer size of this interconnection suggests that a solution to the current debt and deficit problems would better be found together and that opportunities for growth and employment would likely multiply exponentially through joint initiatives to boost the flow of goods, services, capital and knowledge across the Atlantic. Such joint initiatives would reflect not only EU and US material interests, but also their conviction that key free-market principles such as economic liberties, entrepreneurship, fair competition, and free trade remain valid even in the current economic predicament.

Notable in this respect is how the joint transatlantic challenge to kick-start growth in their ailing economies has led the two to dust off plans for a transatlantic trade agreement. In the past, negotiations had fumbled and stalled over the disproportionate effort – in terms of overcoming farm and other sectoral lobbies – of reaching and ratifying a free trade agreement compared to the benefit of such a deal – due to the relatively low level of tariff barriers between the two (standing at approximately 5-7 per cent). Alongside this, the concern was that a transatlantic free trade agreement would represent the nail in the coffin of the Doha round on trade liberalization. But the WTO negotiations are shelved in all but name and the growth potential in an era of fiscal retrenchment offered by a transatlantic trade deal has multiplied incentives. Beyond the long-overdue conclusion of a free trade agreement, this scenario would see the EU and the US moving towards a new-generation agreement, which would go beyond the reduction of tariff barriers and include also measures aimed at removing restrictions on job-creating investments and regulatory obstacles, boosting innovation and leading the energy revolution, liberalizing services and creating a more efficient and sustainable transatlantic financial market, and encouraging the movement of people across the Atlantic.<sup>53</sup>

Moving to the political level, the past two decades have witnessed a constant deepening and institutionalization of transatlantic contact.<sup>54</sup> The ascendancy of the EU as a political actor in the international arena has multiplied, not diminished, the institutional venues where Americans and Europeans convene to explore the options for cooperation across political, security, financial, trade, environmental, human rights, and other domains. The fact that NATO has three times (1991, 1999, 2010) felt compelled to redefine its strategic horizon by updating its Strategic Concept points to its member states' unwavering resolve to maintain the organization's relevance, even though their security interests do not dovetail as neatly as in the past.<sup>55</sup> In spite of the sometimes savage

52 Daniel Hamilton and Joseph P. Quinlan (eds), *The Transatlantic Economy 2012*, Washington, Center for Transatlantic Relations, 2012, <http://transatlantic.sais-jhu.edu/transatlantic-topics/transatlantic-economy-series.htm>.

53 Daniel S. Hamilton, *A Transatlantic Agenda for Jobs and Growth*, Testimony to the House Committee on International Relations-Subcommittee on Europe and Eurasia, 27 March 2012, [http://transatlantic.sais-jhu.edu/publications/must-reads/HIRC\\_testimony\\_March\\_27\\_2012\\_final.pdf](http://transatlantic.sais-jhu.edu/publications/must-reads/HIRC_testimony_March_27_2012_final.pdf).

54 John Peterson et al., *Review of the Framework for Relations between the European Union and the United States*, an independent study commissioned by European Commission DG RELEX, 2005, [http://www.consilium.europa.eu/uedocs/cmsUpload/MD020b05RevFramforEU\\_USRelations.pdf](http://www.consilium.europa.eu/uedocs/cmsUpload/MD020b05RevFramforEU_USRelations.pdf); John Peterson and Rebecca Steffenson, "Transatlantic Institutions: Can Partnership be 'Engineered'?", in *British Journal of Politics and International Relations*, Vol. 11, No. 1 (February 2009), p. 25-45, <http://streitcouncil.org/uploads/PDF/Transatlantic%20Institutions-Peterson%20&%20Steffenson.pdf>.

55 James Sperling and Mark Webber, "NATO: from Kosovo to Kabul", in *International Affairs*, Vol. 85, No. 3 (May 2009), p. 491-511, [http://ancien.operationspaix.net/IMG/pdf/13915\\_85\\_3sperling\\_webber.pdf](http://ancien.operationspaix.net/IMG/pdf/13915_85_3sperling_webber.pdf).

cuts inflicted on defence budgets by the great 2008-09 recession, NATO continues to militarily outspend the emerging powers by a huge margin (see graph 7). This seems to confirm that the alliance continues to be considered a major pillar of all its members' security policies. But as in the economic field, the political-security realm reveals that ideational factors are of the utmost importance. Instrumental calculations alone do not suffice to explain NATO's resilience. Common values and identities continue to play a role in the alliance's endurance.<sup>56</sup> Also critical is the impact of processes of socialization between US and European elites and societal exchanges. Day-to-day transatlantic contacts at the diplomatic, economic and civil society levels are characterized by a level of breadth and depth that remains unrivalled in the world.<sup>57</sup>

It follows that the West can still be characterized as a security community, and that there are good reasons to predict that an enduring partnership is a plausible scenario. In this hypothetical future, the global shift, along with the domestic challenges underway in both America and Europe, would induce Americans and Europeans to join forces so as to retain their relevance within an international system in flux. The transatlantic partners would either jointly strive to preserve the existing international order in which they enjoy rent positions (notably in the UNSC and the IFIs); or they would work side-by-side on the re-structuring of the system so as to make it more inclusive and viable. In the first case there would be a real (or perceived) 'ganging up' of the West against the emerging constellation of new powers: an inherently conflictual 'West versus the Rest' dynamic. The EU and the US would converge on goals, means and action patterns, but the latter would essentially be conservative and *status quo* oriented. In the second case, Europeans and Americans would engage in transformative action patterns instead. Their engagement with emerging (and emerged) countries and regions would be triangular if and when possible. The US and Europe would include other regional and global actors either within upgraded traditional institutional forums (such as an eventually reformed UNSC) or in informal multilateral endeavours (along the pattern of the G8's 'mutation' into the G20). As argued by Hamilton, the EU and the US would successfully bring third parties as responsible stakeholders in regional and global governance architectures if and as ties between themselves are strengthened on a host of issues such as trade, green technologies and climate change, intellectual property, services, industrial policies, security policy, foreign direct investment and competition policy.

## Functional Partnership

Mid-way we find a scenario in which the EU and the US would develop a functional partnership. Here the historic partners would distance themselves from one another but nonetheless succeed in carving out circumscribed and contingent areas of close cooperation. Their interests, identities and resulting policy goals, means and action patterns would develop independently from one another, converging or diverging according to time, place and issue area. Existing transatlantic institutions would not necessarily break down, although they would not be reformed so as to continue providing effective frameworks for structured cooperation, dialogue and dispute settlement. Increasingly sectoral, horizontal and decentralized decision-making within both 21st century Europe and America would push the transatlantic partners towards a functional relationship.

Evidence pointing to a transatlantic relationship marked by disconnected tactical bargains on issues of mutual concern, without a consistent trend towards decline or revival, is detectable in a number of policy domains. In the economic one, transatlantic trade and investment interconnectedness has not generated a permanent convergence of interests. In the WTO, Americans and Europeans have largely acted independently, at times

56 Riccardo Alcaro, "Combining Realism with Vision: Options for NATO's New Strategic Concept", in *IAI Working Paper*, No. 1007 (May 2010), <http://www.iai.it/pdf/DocIAI/iai1007.pdf>.

57 Robert J. Shapiro, *Futurecast: How Superpowers, Populations, and Globalization will Change the Way You Live and Work*, New York, St Martin Press, 2008.

converging and at other times diverging to the point of avidly disagreeing (as in the case of state subsidies to Airbus and Boeing). Transatlantic trade cooperation, in other words, has thus far moved along a functional pattern, a strong indicator that the future record might not be that dissimilar from the past one. Dynamics in the broader US-European economic relationship point towards the same direction. The economic crisis may induce Europeans to tighten the oversight (perhaps even taxing) of financial transactions, to an extent abhorred by Americans. Such differences could hinder a long-term transatlantic economic governance agenda. In its place, the US and EU would seek agreements when interests converge and build alternative coalitions when priorities collide.

In the security domain, there are a number of geographic (such as the Middle East) and thematic (including counterterrorism) areas in which transatlantic coordination may arise. However, the magnetic attraction exercised by the two regions that are likely to keep Americans and Europeans busiest in the future – Asia-Pacific and the former Soviet space, respectively – might pull the two in different directions, thereby leaving little room for grand transatlantic bargains. In part, this trend already characterizes NATO, which is increasingly acting as a forum in which allies trade their political-military assets in return for support for each other's independent security interests, giving rise to talk of an alliance *à la carte*.<sup>58</sup>

Likewise, in the environmental domain, although the EU and the US now frame the climate change challenge in similar terms (man-made rather than natural), the two favour different policy responses (emission caps for the EU, greater efficiency for the US) and consequently seek support for their respective views beyond the Atlantic. Again, there may be scope for agreement – perhaps over energy efficiency – but deep divergences between them would hamper a cohesive transatlantic front on environmental policy.

Finally, while human rights and democracy are likely to remain the ideational lynchpin holding the US and EU together, the two may increasingly part ways on the interpretation of these values and the appropriate way to promote them internationally. This is not only related to whether these values may warrant the use of force, but above all to the impact of the diffusion of such values in non-Western contexts. Different sensitivities are evident with respect to notions such as the 'community of democracies'. In the US, the notion gathered some steam, to the extent that it was backed by former presidential candidate John McCain in his 2008 campaign. In Europe, instead, the initiative has been largely shunned due to the concern that it could undermine more inclusive multilateral institutions, most notably the UN.

Actor-level changes may also trigger a functional transatlantic relationship. To overcome the Eurozone crisis, the EU might develop along a 'multiple speed' pattern, with integration between certain member states moving up a gear (or two) and others remaining behind.<sup>59</sup> Such a move would impart a functional turn to intra-European cooperation, as EU institutions would find it harder to harmonize the strategic interests of the close-knit core with those of the more loosely integrated periphery. A more 'functional' EU would in turn give a more functional flavour to the transatlantic relationship, with the US alternatively cooperating with EU institutions or individual member states depending on the issue at hand. The US would reinforce this trend by actively seeking alternative partnerships (as already evident in the current Obama administration's push for greater transpacific cooperation), pursuing sovereignist instincts (as evident in the G. W. Bush era) or returning to isolationist tendencies (which have never subsided, particularly in the Republican party).

58 Jakub M. Godzimirski, Nina Græger and Kristin M. Haugevik, "Towards a NATO *à la Carte*. Assessing the alliance's adaptation to new tasks and changing relationships", in *NUPI Report*, 2010, <http://www.nupi.no/Publikasjoner/Boeker-Rapporter/2010/Towards-a-NATO-a-la-Carte>.

59 Mark Leonard, "Four Scenarios for the Future of Europe", in *ECFR Essay*, No. 43, November 2011, [http://www.ecfr.eu/page/-/ECFR43\\_REINVENTION\\_OF\\_EUROPE\\_ESSAY\\_AW1.pdf](http://www.ecfr.eu/page/-/ECFR43_REINVENTION_OF_EUROPE_ESSAY_AW1.pdf).

Intra-European and American societal changes also matter. European and American societies continue to share allegiance to democracy, the rule of law, and respect for fundamental freedoms. Moreover, they continue to interact at elite and public levels reinforcing shared or compatible social and cultural habits and tastes. Yet, as globalization and the spread of information increase the pace of societal interactions, Europeans and Americans may develop a more neutral attitude towards one another and see their relationship as one among several others. If and as democracy, human rights and the rule of law spread across the world, the unifying potential of these values in the West may also erode, inducing Europeans and Americans to focus more on what distinguishes rather than what unites them. If such tendencies end up dominating mainstream discourse, the societal basis of a purely functional transatlantic relationship could emerge.

Hence, in this hypothetical future the transatlantic relationship would undergo a process of functional adjustment, in which cooperation is maintained and may even be strengthened in all those policy areas in which a partnership presents advantages to both sides.<sup>60</sup> Some scholars see this scenario as the most likely.<sup>61</sup> They acknowledge that the transformation of the strategic context – first with the end of the Cold War and now with the global shift – has diminished the existential-security nature of the transatlantic bond. They also accept that the spread of Western-originated norms and rules beyond traditional Atlantic boundaries has diluted the sense of common identity that has bound together Americans and Europeans for decades. The end result would thus be a looser relationship, but not an outright estrangement. In fact, both systemic and actor level changes are likely to continue to generate incentives for US-European cooperation in specific issues areas.

## 4. Conditioning factors of the three scenarios

As stated above, we conceive of the three scenarios as ideal types rather than as accurate descriptions of how transatlantic relations may unfold in future. Rarely if ever would we expect any one of these three scenarios to be neatly and unambiguously reflective of the transatlantic reality as a whole. In different regions, in different policy areas and in different time periods, we may find that different scenarios apply. We may also find different elements of the three scenarios to be present simultaneously. Indeed, rather than talking of a transatlantic relationship, it may be more accurate to talk about transatlantic relationships, varying across time and issue area. In view of this, we have thus turned to identifying the conditions and circumstances that could lead the transatlantic relationship to evolve according to one of the three scenarios or combinations therein. These conditioning factors relate to the systemic and actor-level changes discussed above, both within the transatlantic boundaries and beyond them.

### Internal conditioning factors

A first conditioning factor is the political context within the transatlantic partnership. Here, we need to take both structure- and agency-related features into account. As for agency, interests, identities and institutions both within Europe and America and between the two are of the essence.<sup>62</sup> Different elite constituencies (official institutions, political parties, interest groups, civil society, the media and business) as well as public opinion,

60 John G. Ruggie, "Third Try at World Order? America and Multilateralism after the Cold War", in *Political Science Quarterly*, Vol. 109, No. 4 (Autumn 1994), p. 553-570; Riccardo Alcaro (ed.), *Re-launching the Transatlantic Security Relationship*, Rome, IAI, November 2008 (IAI Quaderni English Series, No. 12); Riccardo Alcaro and Erik Jones (eds), *European Security and the Future of Transatlantic Relations*, Roma, Nuova Cultura, 2011 (IAI Research Paper, No. 1), [http://www.iai.it/pdf/Quaderni/iairp\\_01.pdf](http://www.iai.it/pdf/Quaderni/iairp_01.pdf).

61 John Peterson and Mark A. Pollack (eds), *Europe, America, Bush. Transatlantic relations in the twenty first century*, London and New York, Routledge, 2003; John Peterson et al., *Review of the Framework for Relations between the European Union and the United States*, cit.; Asle Toje, *America, the EU and Strategic Culture. Renegotiating the transatlantic bargain*, London and New York, Routledge, 2008; John Peterson and Rebecca Steffenson, "Transatlantic Institutions: Can Partnership be 'Engineered'?", cit.

62 Thomas Risse, "Determinants and Features of International Alliances and Structural Partnerships", cit.

display different interests and identities both independently and in relation to one another that critically affect the transatlantic relationship. As we have seen, throughout the 1990s and 2000s the narrative on globalization – both in its mainstream and critical variants – was shared between the EU and the US. As a result of the 2008-9 financial and economic crisis and its aftermath, today that shared narrative is being questioned in very different ways in the EU and the US. On both sides new questions have arisen about the ability of market forces to be tamed for the benefit of all. Within the US and Europe there has also been a massive decrease in public trust in government and international institutions. This collapse of public trust may be generating centrifugal forces within the transatlantic partnership, potentially eroding the sense of mutual belonging of Americans and Europeans.<sup>63</sup> Whereas during the heydays of the 1990s, the American and European models were viewed as two sides of the same coin, today the economic models presented by the US (de-regulated capitalism) and the EU (social market economy, particularly in the Eurozone) are increasingly seen as different and dysfunctional by significant constituencies on both shores of the Atlantic.<sup>64</sup> In the US, President Obama and the Democrats have been regularly accused of importing ‘European socialism’ by their Republican opponents. In Europe, it is unlikely that any party could borrow from the Republicans’ economic agenda and hope to win elections.<sup>65</sup> Competing views of capitalism, state power, and the West’s global responsibilities are not new. What is new is the lack of a shared transatlantic narrative – be it mainstream or not – of global trends and the appropriate Western response to them.

This said, no clear pattern has emerged yet in either the US or the EU as to how their relationship should be re-conceptualized. This discursive ‘nebula’ partly reflects the volatility of the international context. Equally, however, future transatlantic discourses will hinge on how the US and the EU translate the challenges they face into domestically convincing narratives and whether these narratives will be articulated and mainstreamed though separate as well as shared institutions.

As for structural factors within transatlantic boundaries, transatlantic interdependence will be of the essence. Demography and societal connections, trade and investment interdependencies as well as economic cycles – in sync or otherwise – will all shape the political opportunity structure within which transatlantic ties evolve. Demography influences political preference formation through generational and compositional evolution. By generational evolution we mean the process of the gradual internalization of new values and identities that takes place over the lifespan of successive generations. Thus far, a sense of collective identity – epitomized by the notion of the West – has co-existed with other forms of identities, local, national and European. However, as time passes, societies on both shores of the Atlantic may develop normative practices undermining the multi-level identity structure of the West or alternatively, warranting a substantive upgrade of it. Alongside this, the demographic composition of American and European societies will impact on preference formation on both sides, most notably due to the growing influx and gradual assimilation of migrants from other parts of the world. The West’s identity may prove strong enough to curb or absorb the natural tendency of these minorities to direct their loyalties towards their countries of origin – but the opposite is also a credible scenario.

Economic cycles are another structural feature that impinges upon the political opportunity structure of the transatlantic relationship. Key in this regard will be the capacity of the American and European economies to decouple from one another so that the one’s health impacts upon the other only marginally. If, however, cycles

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63 World Values Survey, *WVS 2005 Questionnaire (Root Version)*, April 2005, [http://www.worldvaluessurvey.org/wvs/articles/folder\\_published/survey\\_2005](http://www.worldvaluessurvey.org/wvs/articles/folder_published/survey_2005); European Commission, *Standard Eurobarometer Survey*, 2012, [http://ec.europa.eu/public\\_opinion/archives/eb\\_arch\\_en.htm](http://ec.europa.eu/public_opinion/archives/eb_arch_en.htm).

64 Timothy Garton Ash, “A liberal translation”, in *The New York Times*, 25 January 2009, <http://www.nytimes.com/2009/01/25/opinion/25iht-edash.1.19653694.html>.

65 Brian Wheeler, “How ‘Europe’ became a dirty world in the US election”, in *BBC News*, 31 January 2012, <http://www.bbc.co.uk/news/magazine-16583813>.

of economic distress and recovery continue to converge, the creation (or lack thereof) of functioning mechanisms of coordination and dispute settlement, as well as of resource allocation, will be an important factor determining the direction of the transatlantic relationship.

Systemic shocks within the US and the EU can also reshape the structural environment in which the transatlantic relationship evolves. 9/11, for instance, while initially spurring a wave of transatlantic solidarity, subsequently led to divergences, as the US greatly enhanced those views and practices with which Europeans have traditionally been less comfortable, notably the readiness to use force. Manageable in the pre-9/11 period, in the 21st century such disagreements have proven harder to bridge. Even more dramatic, a systemic shock within the EU, such as the break-up of the Eurozone and the ensuing crisis of the European integration project would dramatically alter the political opportunity structure of the European continent, forcing a radical reappraisal of transatlantic relations.

### External conditioning factors

A second order of conditioning factors concerns the environment outside the transatlantic area. Here too both agency and structural features matter. Whether the transatlantic partnership will drift, endure or transform into a functional relationship will also depend on what strategies external actors will pursue towards the EU and the US. This includes both non-Western actors as well as those actors viewed as Western – Canada, Australia, Japan, Singapore, Argentina, Turkey, Brazil – which however lie beyond the confines of the transatlantic partnership strictly defined. Simply put, players beyond the transatlantic partnership may voluntarily or not create external constraints and opportunities that will either divide or forge stronger ties between the EU and the US. As the material and ideational influence of these actors grows, we may expect its impact on transatlantic relations also to increase.

We are already witnessing these processes in two macro regions of strategic interest for the West: the Asia-Pacific and the former Soviet space. The US 'pivot to Asia' marks an American attempt to deal with the perceived challenge emanating from China's ascendancy. China's specific response to it will influence both the precise form US policy will take and the ensuing repercussions on the transatlantic relationship. If, for example, US-China relations acquire a distinctly conflictual flavour, with China replacing the Soviet Union and pro-US Asian countries displacing Western Europe, EU member states will have to reconsider the trade-off between transatlantic solidarity and their security and trade interests. Similarly, Russia's resurgent power in the former Soviet space will impact on the EU and the US's strategic calculations. If Europeans find a sustainable *modus vivendi* with Russia while the US maintains a more antagonistic stance towards Moscow's ambitions in its near abroad, the transatlantic relationship will consequently be affected, increasing the prospects of a structural drift or functional relationship over and above those of an enduring partnership.

Added to these are exogenous systemic shocks, from global natural disasters, epidemics, and environmental challenges, to wars, movements of people, technological innovations and financial crises, which will solicit European and American responses – in terms of goals, means and action patterns – that may bring the EU and US close together or apart. Currently, the systemic change occurring in Arab countries swept by revolutionary forces has encouraged the EU and the US to devise comprehensive responses. Both the EU and the US concur that continuing to bet on friendly authoritarian regimes for the sake of stability increasingly seems a losing option. Yet the two are driven by different strategic calculations – with the EU prioritizing migration and energy concerns and the US focusing on the broader strategic rebalancing of relations in the region – and they lack the institutional mechanisms for a coordinated response.

Irrespective of whether the future world will be multipolar, interpolar or nonpolar, multiple centres of authority within and beyond the West are bound to be a lasting feature of 21st century international politics. Their actions and reactions will increasingly influence the pace and shape of transatlantic relations. Equally important are the systemic forces at work in between poles and clearly identifiable centres of authority. Together, these global agency and structural factors will determine the external political opportunity structures in which transatlantic relations unfold.

## Conclusions

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The attempt to redefine the transatlantic relationship is fraught with conceptual and empirical hurdles. First, is the need to unpack the interplay between ideational and material factors, since the dynamics at play on these two planes seem to follow an autonomous course. While ideational and material factors clearly influence one another, we also note that an enduring commonality of norms and values does not necessarily or automatically generate transatlantic policy convergence. Second is the complexity of the relationship itself, which spans across a number of policy areas. Resilient in one domain, the transatlantic bond might be more tenuous in another, further complicating the effort of elaborating a consistent paradigm to explain and characterize the relationship.

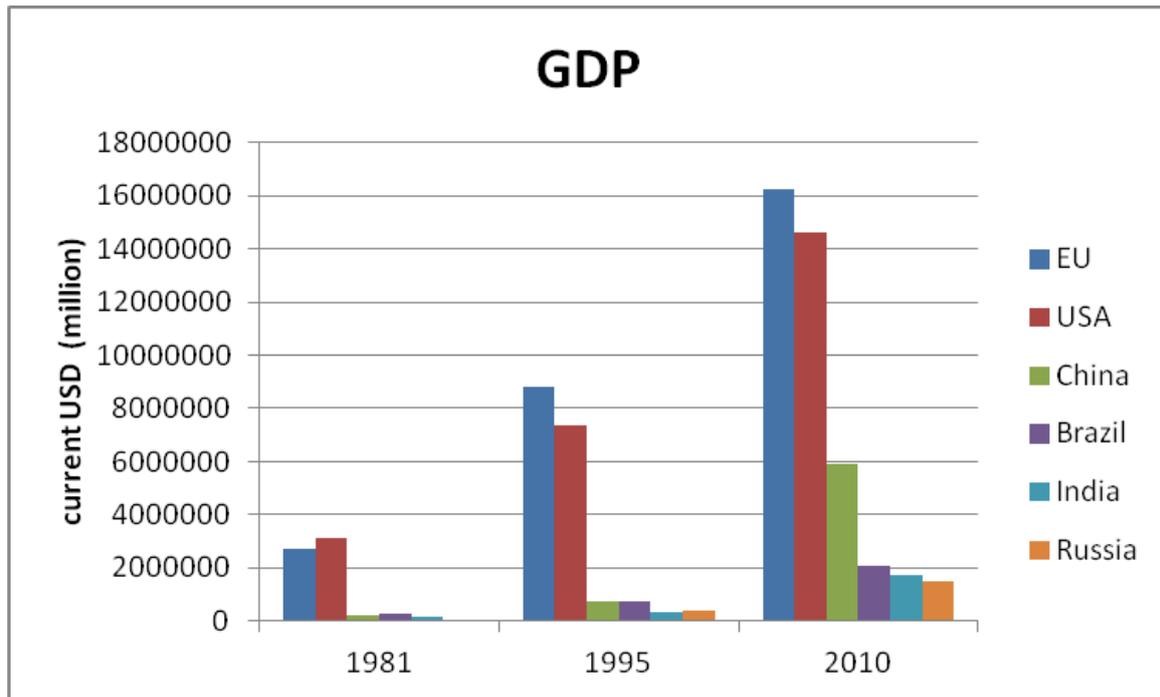
The current historical juncture is no help in this regard. The two decades which have elapsed since the end of the Cold War would seem a sufficiently long timeframe for elaborating a new conceptualization of the transatlantic relationship. Yet, contrary to the Cold War past, today's transatlantic relations are intrinsically dynamic. In the pre-1989 period they unfolded within a fundamentally stable structure in which the 'West' was bound by shared identities, values, threat perceptions and conceptions of the world. Today, systemic and actor-level changes both within and beyond the proverbial transatlantic home have shaken the pillars of this conceptual framework, while not producing anything comparable.

Against this backdrop, any attempt to redefine the transatlantic relationship is unlikely to produce a paradigm displaying consistent patterns of evolution in all respects. More likely is the conceptualization of a multi-dimensional and multi-vector relationship, in which patterns of convergence and divergence at both the ideational and material level co-exist. By no means, however, does this imply that a study of transatlantic relations is analytically inconclusive. The task at hand is rather that of dissecting today's transatlantic relationship so as to separate the constants from the variables, as well as the structural from the contingent factors, paving the way for a synthesis of these elements into a coherent framework. While the transatlantic relationship might emerge in different light according to the policy domain in which it is investigated, each domain has its specific weight with the capacity of imparting (or not) a structural turn to the transatlantic relationship as a whole.

We have identified the structure and agency related factors that set the context of the transatlantic relationship and condition its evolution. Such evolution will be determined by the convergence or divergence of European and American goals, means and action patterns, which in turn allow us to trace and reconstruct the evolving nexus between identity and interest in 21st century America and Europe. Tracing this evolution and considering the influence of these conditioning factors should delimit the scope for a paradigmatic redefinition of the transatlantic relationship along the 'structural drift-enduring partnership' continuum and its ensuing impact on tomorrow's global governance architecture.

## Annex

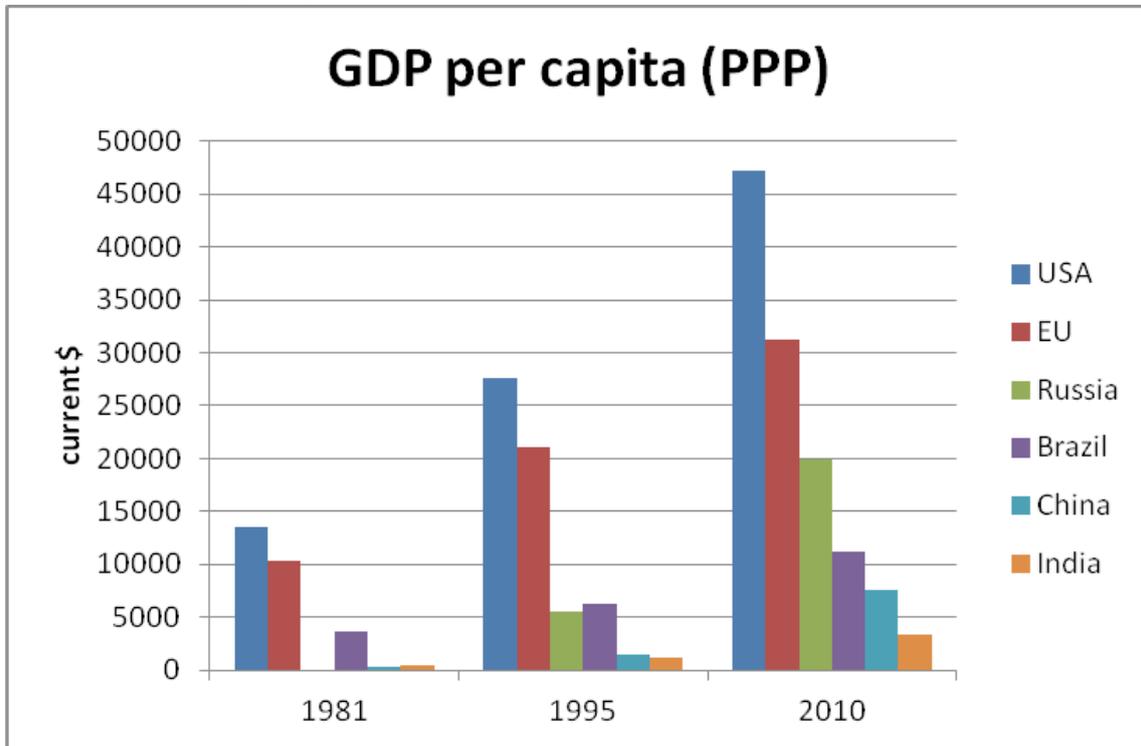
Graph 1. US, EU and BRIC GDP from the 1980s to the 2010s



Note: EU figures only include EU member states in the given year: EU10 in 1981, EU15 in 1995, EU27 in 2010. No figure is given for Russia's 1981 GDP as Russia was still part of the Soviet Union at the time.

Data Source: World Bank.

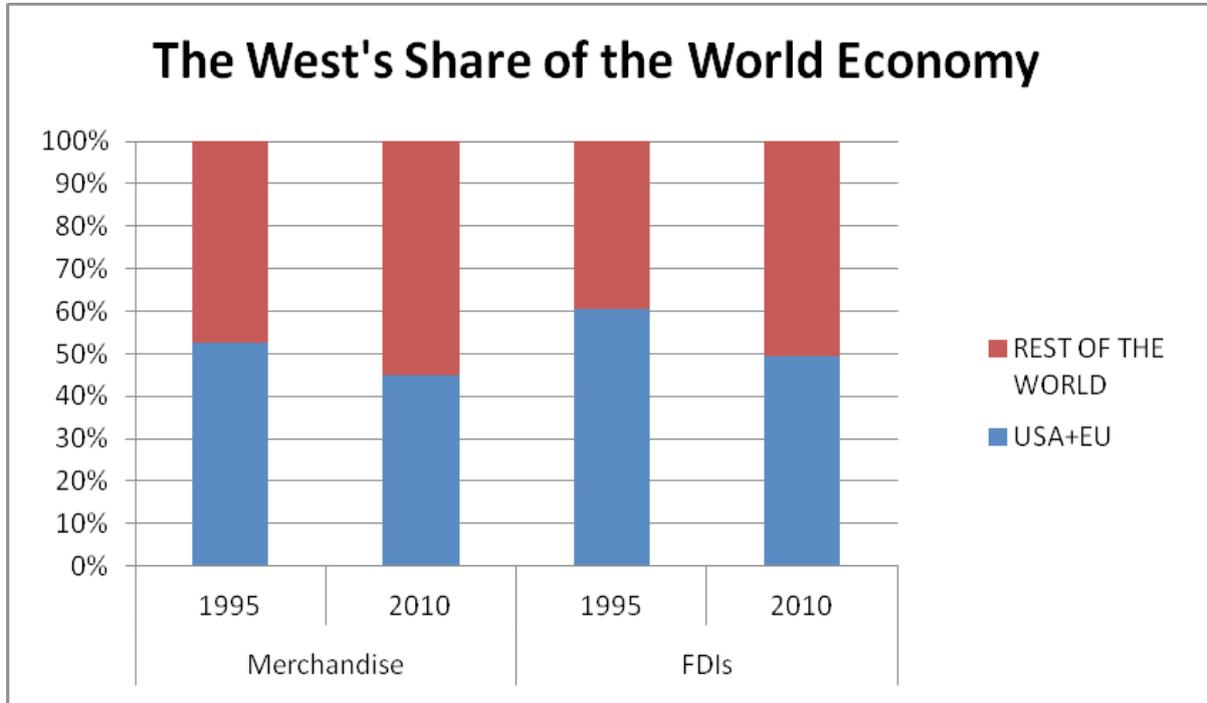
Graph 2. US, EU and BRIC GDP per capita, in PPP rates



Note: EU figures only include EU member states in the given year: EU10 in 1981, EU15 in 1995, EU27 in 2010. No figure is given for Russia's 1981 GDP per capita as Russia was still part of the Soviet Union at the time.

Data Source: World Bank.

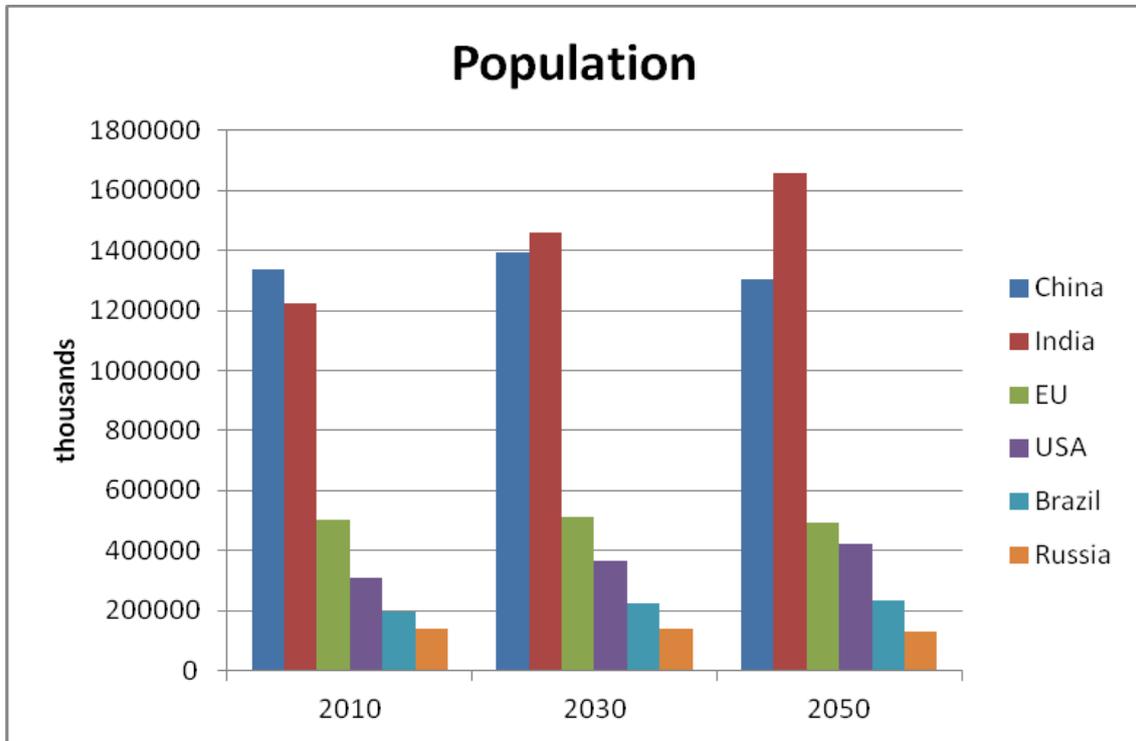
Graph 3. **The West's share in the world economy**



Note: EU figures only include EU member states in the given year: EU15 in 1995, EU27 in 2010.

Data Source: WTO, UNCTAD.

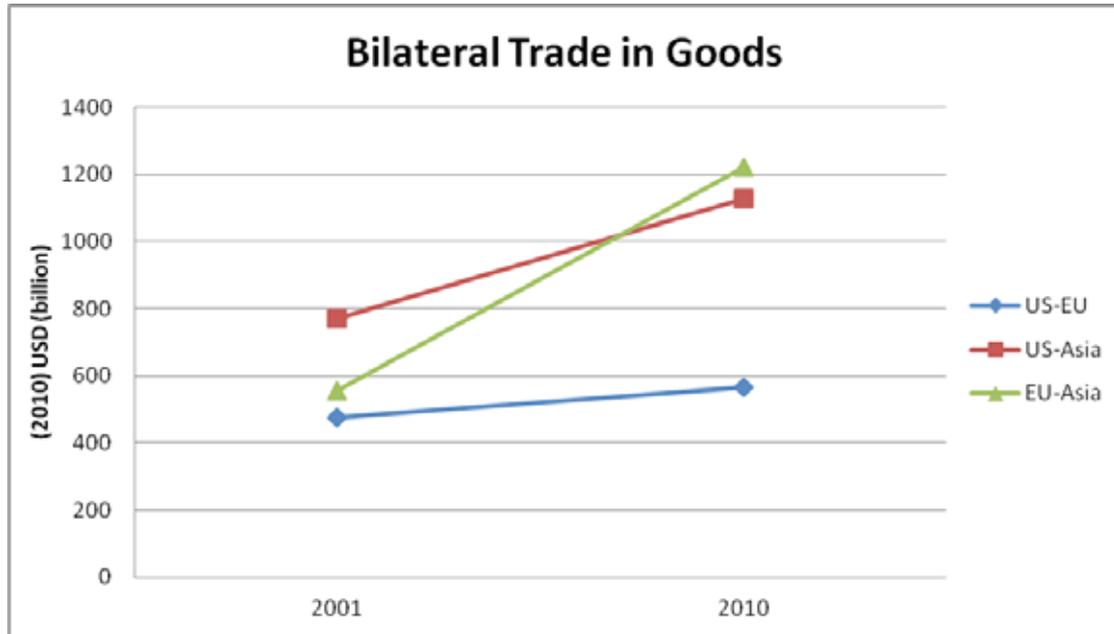
Graph 4. US, EU and BRIC population



Note: EU figures only include EU member states in the given year: EU10 in 1981, EU15 in 1995, EU27 in 2010. The 1981 figure for Russia only includes the population of the Socialist Soviet Republic of Russia.

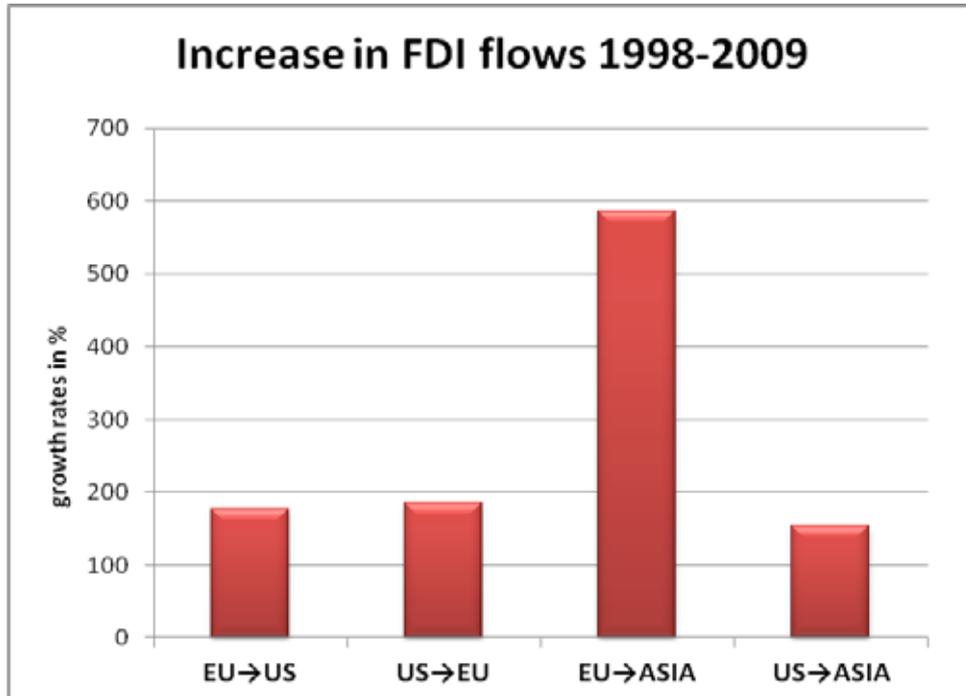
Data Source: World Bank, US Census Bureau.

Graph 5. US-EU-Asia trade



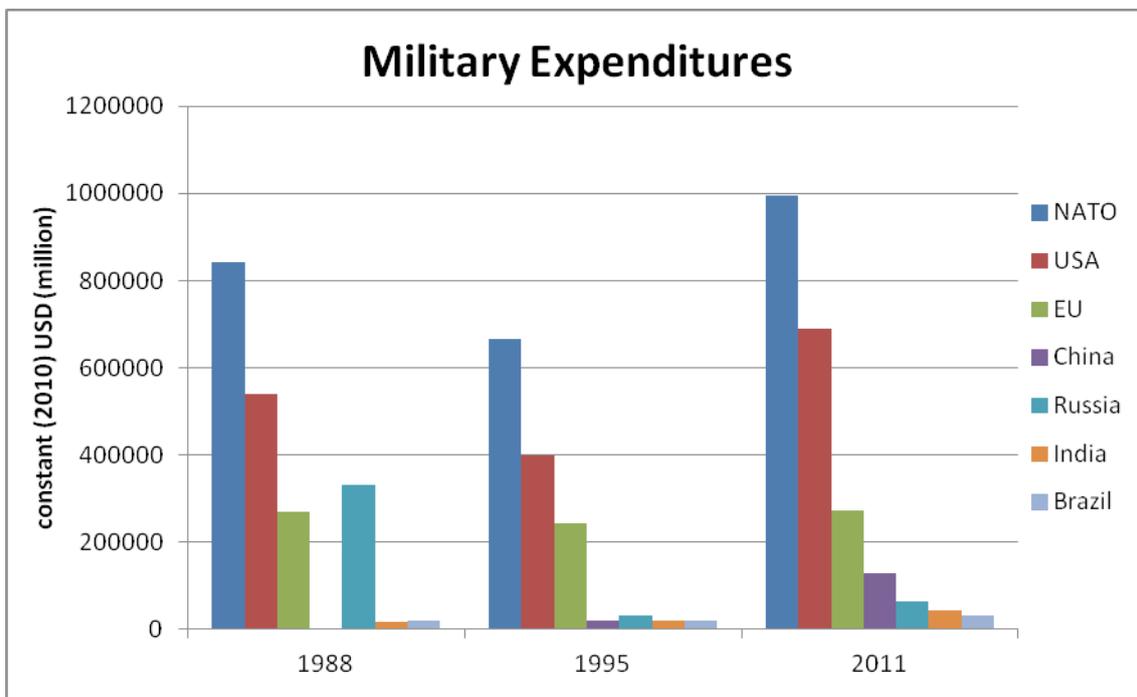
Note: EU figures only include EU member states in the given year: EU15 in 2001, EU27 in 2010.  
Data source: WTO.

Graph 6. FDI flows 1998-2009



Data source: for EU figures, elaboration of Eurostat (2012) data; for US figures, elaboration of US Department of Commerce Bureau of Economic Analysis (2012) data.

Graph 7. US, EU and BRIC Defence Budgets from the 1980s to the 2010s



Note: All figures for the US are for financial year (1 October of the previous year-30 September of the stated year). Russian (USSR) and Brazilian data for 1988 are estimates, whereas Chinese data for that year are n/a. Russian and Chinese data for 1995 are estimates.

Source: Stockholm International Peace Research Institute (SIPRI).

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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:

Istituto Affari Internazionali, *Coordinator*  
German Marshall Fund  
University of Edinburgh  
Free University of Berlin  
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