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**PERSPECTIVES ON THE WESTERN EUROPEAN DEVELOPMENT
AND ITS IMPACT ON THE RELATIONSHIP TO
THE UNITED STATES OF AMERICA**

BY

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**Perspectives on the Western European development and its impact on the relationship to the
United States of America**

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ABSTRACT

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This paper analyzes the future development of Western Europe and evaluates its possible impact on the relationship to the United States of America (US). A European Union (EU) integrating into a confederation of sovereign states and a slow enlargement will characterize the European development. NATO likewise will continue enlargement but the pace and size are still unclear. The US' and Western Europe's shared interests of security and European prosperity endures but they have diverse perceptions of the threat and strategies. European security has lost its primacy in the relationship and introduced opportunities for a review of US and European strategies. The development of the EU will not change the current cooperative transatlantic relationship in the near or mid term but cause some challenges, mainly economic, for the US. Increased economic competition between Western Europe and the US combined with unilateral strategies can in the longer-term result in global multipolarity with greater risk of tension or conflict endangering regional/global security and prosperity. A stronger intergration of EU will further increase the risk. The transatlantic financial and trade ties will moderate such developments. The proposed way ahead is a cooperative strategy in both the US and Europe.

TABLE OF CONTENTS

ABSTRACT	III
PERSPECTIVES ON THE WESTERN EUROPEAN DEVELOPMENT AND ITS IMPACT ON THE RELATIONSHIP TO THE UNITED STATES OF AMERICA.	1
BACKGROUND	1
NATIONAL INTERESTS	3
DEFINITIONS	4
US INTERESTS AND POLICIES	5
EUROPEAN INTERESTS AND POLICIES	6
General	6
Germany	7
France	8
The UK	8
Russia	9
TRENDS IN EUROPEAN DEVELOPMENT:	10
EU ENLARGEMENT	10
EU INTEGRATION	10
ECONOMIC TRENDS	12
DEFENSE TRENDS	12
CFSP and ESDI	12
NATO Enlargement	13
SUMMARY	14
FUTURE TRANSATLANTIC RELATIONSHIP	15
POLARITY	15
SCENARIOS FOR TRANSATLANTIC RELATIONS	15
Scenario 1: A global, co-operative order:	15
Scenario 2: The EU and the US as two separate poles in global multipolarity	16

OPPORTUNITIES/THREATS	16
CONVERGENCE, CONFLICT OR DIVERGENCE OF INTERESTS AND POLICIES	17
General	17
Security and defense	17
Economic	20
ASSESSMENT	20
CONCLUSION.....	21
PROPOSED WAY AHEAD.....	22
ENDNOTES	23
BIBLIOGRAPHY	27

PERSPECTIVES ON THE WESTERN EUROPEAN DEVELOPMENT AND ITS IMPACT ON THE RELATIONSHIP TO THE UNITED STATES OF AMERICA.

The purpose of this paper is to analyze the future development of Western Europe and evaluate its possible impact on the relationship between Western Europe and the United States of America (US).

The thesis is that European unification will continue only if it improves the interests of the member states, and the Transatlantic relations will endure only if they advance the interests of both the US and Western Europe. Thus, this paper, after describing the background of the current development in Europe and European – US relationship, will focus on the interests and policies of the US and the major European powers. Based on these interests and policies the paper will then evaluate possible trends for future Western European development and the impact it will have on the transatlantic relationship.

BACKGROUND

In the years following the end of WW II Western Europe and the US have had shared interests and common goals of containment of the Soviet threat, a collective security in Europe instead of the former fatal European balance-of-power dynamics, and the development of European prosperity for the common good of both sides of the Atlantic¹. The shared security interests had such primacy that they did not allow for economic frictions to pull the Europeans and the US apart even though Western Europe, by the early 1970s, was becoming an economic competitor with the United States. Political frictions emerged, but both sides made the necessary adjustments in trade and currency relations to prevent their security cooperation from being damaged². The bipolar Cold War situation also made it necessary for the transatlantic partners to reach consensus or at least suppress conflicts on other global issues.

The current situation reflects the success that the transatlantic partners have achieved in realizing their common goals/objectives. The direct Soviet threat has been defeated and replaced with a more indirect threat from an unstable former Soviet Empire, whose destiny is still uncertain and may include the risk for implosion similar to what happened with the Former Yugoslavian State or Empire. Western Europe's prosperity has been restored since WW II and Europe is now considered an economic superpower in the same league as the US.

The changed European security environment, with a diminished direct USSR/Russian military threat, is redefining the transatlantic relationship. The European security has lost its former primacy in the transatlantic relationship and opened up opportunities for reassessment of the threat to the nations interests and thereby a review of their strategies. The post Cold War

situation has reduced Western Europe's need for the US' nuclear protection and presence. The US is, at the same time, changing its main emphasis/focus from being predominantly Europe to other regions such as Asia – Pacific, the Middle-East and Latin America³. Suppressed economic frictions might surface, but shared transatlantic interests beyond defense that can moderate emerging conflicts remain. Europe and the US are indispensable economic partners woven into each other through their financial and trade relations. The EU is the US' largest trading and investment partner. Two-way trade was valued at \$507 billion in 1999. On the investment side, EU investments in the US totaled more than \$481 billion at the end of 1998, while the United States had more than \$433 billion invested in the EU. These trade and investment ties account for an estimated 14 million jobs on both sides of the Atlantic⁴. In addition Western Europe and the US have cultural ties and shared values concerning democracy and human rights.

The breakdown of the Soviet system and the bipolar situation has also opened up opportunities for the enlargement of Western Europe towards the east. Both the North Atlantic Treaty Organization (NATO) and the European Union (EU) are enlarging and adjusting to the post Cold War environment. The enlargement includes the desired promotion of Western values such as democracy and market economy.

European integration has evolved slowly but steadily. Throughout the process, the core countries in unification have been France, Germany and the Benelux countries. Their past has been a strong enticement to pursue cooperation and integration. The UK and others have been more reluctant to join the project and oppose centralizing power in a federal structure and thereby loose sovereignty and national identity. The US has been a key catalyst and provided security leadership in the integration process. In the aftermath of World War II the governments of Western Europe sought US military assurances for their security to counter an aggressive Soviet policy and military threat. The US requirement for such assurances was intra-European cooperation. The transatlantic collective defense was codified by the establishment of NATO in 1949. An attempt to create a European Defense Community outside of NATO in 1952 failed due to doubts over re-arming Germany without US control. Germany instead joined NATO in 1955. NATO remained then the main defense institution for most Western European countries. The Marshall plan in 1947 likewise encouraged the European countries to coordinate their economic recovery plans in order to receive US aid. The success in this area inspired especially France and Germany to increase economic cooperation and led to the establishment of a trade union: "the European Coal and Steel Community". This trade union was then followed by the Rome Treaty, Common Market and European Free Trade Agreement (EFTA) of the 1950s and 1960s, the European Economic Community (EEC) of the 1970s and the European Community (EC) of

the mid-1980s. The Single European Act was adopted in 1987 and the latest stage: the EU⁵. The EU is a wide cooperation that includes political, economic and security cooperation⁶. The EU Member States has delegated sovereignty for certain matters to independent institutions which represent the interests of the Union as a whole, its member countries and its citizens. The Commission traditionally upholds the interests of the Union as a whole, while each national government is represented within the Council, and the European Parliament is directly elected by citizens⁷. The latest stage in the EU economic cooperation is the establishment of the European Economic and Monetary Union (EMU). The EMU was initiated in early 1999, when the new Euro was introduced. Initially 11 EU members took part in the new currency, and a new Central Bank was created. By 2002, the Euro has replaced most national currencies. Fearing loss of identity, Britain, Denmark and Sweden have, for the time being, refused to adopt the Euro⁸.

The transatlantic security cooperation during the Cold War was rooted in NATO. However, since the end of the Cold War and ratification of the Maastricht Treaty in 1991, the EU has been developing a Common Foreign and Security Policy (CFSP). In the same period the idea of a European Security and Defense Identity (ESDI) was developed in order to strengthen the European defense capabilities and the ability to conduct autonomous operations. It has been decided that these capabilities should be the European pillar within NATO⁹.

In summary Western Europe and the US during the Cold War had shared interests of containing the USSR, a collective security and European prosperity. These shared interests did not allow transatlantic economic conflicts. After the Cold War European security has lost its primacy in the relationship and opened up opportunities for a review of US and European strategies. Suppressed economic frictions might surface, but the US and Europe remains indispensable economic partners. The changed environment has also opened up opportunities for the enlargement of NATO and EU towards the east. European integration has evolved slowly but steadily and is currently institutionalized in the EU including the EMU and a CFSP. The transatlantic European security cooperation is rooted in NATO with ESDI representing a European defense capability pillar.

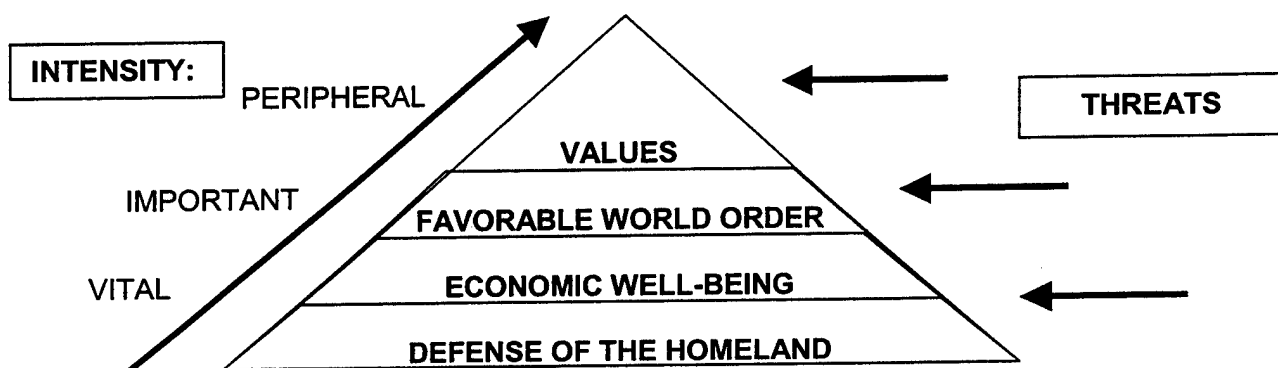
NATIONAL INTERESTS

In order to evaluate the future development of Europe and the relationship between Western Europe and the US it is necessary to focus on the various interests at stake as well as the national and regional strategies that may be applied to achieve the interests.

DEFINITIONS

The US Army War College (USAWC) defines a nation's interests as its fundamental concerns. National interests are a nation's perceived needs and aspirations in relation to its external environment and they motivate nations' actions. The USAWC model groups national interests in four categories: defense of the homeland, economic well-being, favorable world order and promotion of values. The USAWC model includes three degrees of intensity or priorities of interests: vital, important and peripheral. The degree of intensity is not a function of the threat to the interest. Vital interests are those directly connected to the survival, safety, and vitality of a nation. If unfulfilled it will have immediate consequence for core national interests. Important interests are those affecting national well-being or that of the world we live in. If unfulfilled, it will result in damage that will eventually affect core national interests. Peripheral interests are those that if unfulfilled are not likely to affect core national interests. Strategy or policy is the end, ways and means to achieve the interests. Development of a strategy, and especially the means/resource allocation, includes an assessment of the threats and opportunities to the prioritized interests¹⁰. Consequently a highly threatened vital interest should call for allocation of more attention and resources than equally threatened important/peripheral interests or a less threatened vital interest. The USAWC model does not define how these priorities can be expressed. In this paper the terms high, medium and low express the interests' priorities in relation to a threat assessment including the interests intensity.

The relation between interest categories, intensity or hierarchy of interests as well as application of threats to the interests can be explained by using "Maslow's hierarchy of needs". Maslow posited a hierarchy of human needs where each lower need must be met before moving to the next higher level. Once each of these needs has been satisfied, if at some future time a deficiency is detected, the individual will act to remove the deficiency. Simplified the "interests hierarchy" can be displayed like this:



Vital interests have to be satisfied or achieved before resources are allocated to important or peripheral interests.

To analyze the future development of Western Europe and evaluate its possible impact on the transatlantic relationship the interests, policies and interaction among the key nations in or related to the region: the USA, Germany, France the UK and Russia, must be examined.

US INTERESTS AND POLICIES

The present published US National Security Strategy¹¹ emphasizes “engagement” and cooperation. According to the US Department of Defense publication “Strengthening Transatlantic Security” :

“The United States defines its “vital interests” as those interests of broad, overriding importance to the survival, safety, and vitality of our nation. Chief among these are the physical security and territorial integrity of our nation and those of our Allies, and the protection of our critical infrastructures from paralyzing attack. In Europe these vital interests — and our enduring commitment to the principles of democracy, human rights, individual liberty, and the rule of law—are manifested in and defended by the NATO Alliance and the complex web of interlocking relationships and partnerships that define the architecture of European security in the 21st century.¹² “

The US has an important interest in preserving and strengthening constructive economic relations within the transatlantic community. Increased European economic prosperity will expand two-way trade and investment flows with the US, contribute to European stability and allow needed European investments in defense capabilities. Finally, a strong transatlantic economy will be an engine of growth and development for the global economy, which is a necessary precondition for improving global security and stability¹³.

The US has since March 2001 been in a period of recession with increased unemployment (5,7 %) and deficit problems. The terrorist attack on the US 9-11 2001 has also redefined the security priorities. The President of the US declared in his “State of the Union” on 29 January 2002 that the highest priorities for the US interests are homeland security, war against terrorism and conquering recession. Even though the US’ overall interests remains as described in the current published strategy, the changed threat to the interests has resulted in changed priorities with a clear emphasis on vital domestic issues. The high priority to homeland security and domestic economy could lead to increased US unilateral actions that have negative consequences on the cooperation/engagement with Europe among others.

The current published national security strategy states that the US military presence in Europe plays a critical role in protecting the US’ economic interests, as well as facilitating US military deployments for both crisis and non-crisis missions to assist allies in neighboring

regions¹⁴. However, the future national security strategy and the national military strategy may not adopt the same approach. The US could continue the current decentralized military strategy with forward presence, change to a centralized strategy with the majority of units based in continental US and only employ them when needed or combine the two strategies.

The bottom line is that US interests remain essentially unchanged but the threat assessment has changed and might cause a change in strategy especially allocation of means in the near/mid term. The US interests in relation to Europe can be summed up as:

- homeland defense via regional stability and security against terrorism, (VITAL)
- economic well being through access to regional markets and access to regional investment, (VITAL)
- development of a stable and peaceful Europe and a stable global environment if possible through a partnership with Europe (IMPORTANT) and
- promotion of values such as development of viable democracies and free markets (PERIPHERAL)¹⁵.

EUROPEAN INTERESTS AND POLICIES

General

The common/general national interests of the majority of Western European states are:

- Survival as an independent/sovereign democratic nation including security against direct attacks and terrorism (VITAL)
- Economic well being including access to free, open markets and investment, a strong economy and public welfare (VITAL)
- Establishment of a peaceful international environment with European stability (VITAL) and global stability (IMPORTANT)
- Promotion of values such as human rights, legitimate good governance, rule of law and democracy (IMPORTANT – PERIPHERAL)¹⁶.

The objectives of most European countries are to enhance their direct security, promote prosperity of their own country and support development of a stable and peaceful international environment with a main emphasis on Europe. The ways to achieve these objectives are by establishment of trade and financial cooperation, collective security via alliances and bilateral cooperation, promoting development of viable democracies especially in neighboring nations such as Eastern European countries and Russia. The nations use the various international institutions and these institutions' strategies as the means and ways to achieve their objectives.

NATO is currently seen by many as a vehicle for the security and defense aspects, EU for the political and economic aspects and the United Nations (UN) for the establishment of a peaceful international environment. The EU is, however, slowly through CFSP and NATO's ESDI developing a potential independent European security capacity to act initially regionally and maybe at the longer term globally. Some fear this development could erode NATO and thereby US leadership and influence in Europe.

The European "security" and "value" interests generally converge with the US' interests. Especially the interest to secure against terrorism has revived the perception of a common major threat to vital interests and emphasized the need for continued transatlantic security cooperation. The interests of access to markets and investments can, however, result in conflict between Europe and US if both compete for the same markets, investments, etc.

Interests alone do not define the transatlantic relationship. The various policies or strategies also impact on the relationship. Since the EU is not a single actor but a confederation of sovereign states, the policies of the major European powers must be examined.

Germany

Germany is still transforming after its unification in 1989 and has been reluctant to play a major security role, especially beyond Europe. It is Europe's economic powerhouse but currently has a low profile within the security and defense area. Economics is the preferred instrument of power. With the EU's open market Germany can concentrate on the political and economic rather than the military instrument of power – it can just let the money work across the open borders. Until five years ago, Germany was not permitted to deploy forces abroad because of its national constitution. However, after a change in the constitution, Germany has committed troops in Bosnia, Kosovo and Afghanistan. On the longer term Germany might want to act with a higher profile. Germany sees its security depending on a stable Eastern and Central Europe, a good relationship to Russia and a strong link to USA.

There are very different perspectives on European integration. Germany and the Benelux (Belgium, the Netherlands and Luxembourg) are in favor of a Federation in which the European Parliament should have the responsibility for security and defense in the long term. Germany wants the EU's executive and administrative agencies to become more powerful¹⁷.

The German policies on integration and security converge with the US policy since both want to maintain the transatlantic link. The policy also generally converges with most other European nations. France's policies and views are sometimes different and include concerns about a high German profile or Germany as a regional hegemon.

France

The relation between Germany and France remains a cornerstone in European stability and integration¹⁸. France is driven by a pragmatic desire to tie Germany into cooperative structures with France and the rest of Europe. Collective European structures that promote French policy/influence and a Europe less dependent of the USA are also important goals for the French strategy. France is not part of the integrated NATO military command as it is seen as dominated by the US. France has instead aimed at giving the EU the same capabilities formerly envisioned for the Western European Union (WEU) and now via CFSP. France has, however, been forced to cooperate with NATO more and more. France has agreed that ESDI can be developed within NATO, but still continues its efforts to minimize the influence of the US in Europe.

France favors the EU integrating into a "Union of States" with some common sovereignty, but not on foreign affairs and defense issues. France does not want the EU Commission or Parliament to become too powerful, but aims at establishing EU structures and procedures ensuring the EU can be directly influenced by national capitals¹⁹.

Especially the French security and economic policies can be in conflict with the US policies since France often tries to limit the US' influence in Europe. French policy generally converges with the other European nations, although France has a different view on the transatlantic relationship compared to Germany and the UK. Additionally France still has relations and interests in some of its former colonies, especially in francophone Africa and non-European partners such as Algeria, Tunisia and Morocco, which it consider as a "domain privé". In these areas there might be conflicting interests and policies with both the US and other European nations, rooted in conflicts dating back to Europe's colonial era²⁰.

The UK

The UK has no EU-vision like France or Germany and has generally been very reluctant to support or participate in the "continental"-European integration. The UK has, however, been forced to increasingly participation in European integration to ensure its political influence, economic interests and lately also security interests. UK has been reluctant to give EU primary responsibility for European security. They see NATO as the only organization capable of enforcing policy. UK opposes any strategy shift that diminishes a strong transatlantic link. However, the UK has recently joined France in an initiative to strengthen the EU's role in security and defense policy. The reason for this move could be to ensure that the EU's CFSP is developed in accordance with UK interests and balancing a decreasing US presence/

engagement in Western Europe. The UK, under Tony Blair, therefore wants to work on a more egalitarian partnership within NATO and a lesser dependency on the US.

There has traditionally been a close cooperation in all areas between the UK and the US and their policies generally converge. The UK policy generally converges with France and Germany but its view on integration differ. The UK, supported by the Scandinavian countries, is very hesitant to yield sovereignty at a federal EU-level. They want decisions to be made by national governments and parliaments and see EU as a loose confederation. The UK, Denmark and Sweden are for the time being not participating in the EMU²¹. The US, the UK and German views on the transatlantic relationship converge since they all emphasize a strong transatlantic link. Recent consensus on ESDI has been achieved with France. Like France the UK retains its former colonies/ commonwealth as a "domain privé" outside the European context²².

Russia

Russia will remain important to the overall European security but is not foreseen to pose a significant direct security threat to Western Europe in the near term due to internal problems. Emerging threats from Islamic radical movements from the South could offer the opportunity to reorient Russia to be a cooperative partner for the West. The Russian main interests are assessed to be economic and political survival. The only way to achieve these objectives are through stable support from the US and Western Europe. The trade-off is a low profile on Russia's security and political interests²³.

The Russian and Western interests converge for the time being:

The United States and Western Europe share a vital interest in enabling the Russian Federation to become a stable, market-oriented democracy. The transatlantic community cannot be truly secure if its enormous nuclear-armed neighbor withdraws behind a new curtain of hostility and authoritarian rule or collapses economically²⁴.

The Russian decision making elite is more or less unchanged from the Soviet period and it will be hard to change their perception. Cooperation with Russia will still require tough negotiations and continued "natural" competition. Both sides must show willingness to understand each others interests²⁵. The old Soviet/Russian interests therefore probably remain, but Russia is unable to promote them as the economic and diplomatic instruments of power have diminished.

Russia views enlargement of NATO as a threat to its security interests unless it is included and/or has a say in NATO. Currently Russia has expressed no objection to the EU enlargement²⁶.

TRENDS IN EUROPEAN DEVELOPMENT

EU ENLARGEMENT

Both the EU and NATO are enlarging but have reason to avoid becoming inefficient with new members that subtract more than they add. The EU will only admit new members that have strong, functioning market economies and stable democratic governments so that they support overall EU policies and do not drain its resources²⁷. Europe as a whole totals about 600 million people, has a \$10 trillion economy, and an average gross domestic product (GDP) per head of about \$17,000 annually. But there are big differences among Europe's various sub-regions. Western Europe, with its 380 million people, has an average GDP per head of nearly \$26,000; Eastern Europe and the Balkans, with more than 200 million people, are poorer, with an average GDP per head of only about \$4,500; Turkey with 63 million people, has \$3,000 per capita²⁸. Germany has demonstrated that even Europe's strongest economy on the short term suffers when it has to invest huge resources to ensure integration of the weaker former East Germany. Germany's investment in the new German states will, however, most likely pay off in the long term. Though investment within a nation is one thing, huge investments outside the homeland in the poor Eastern European countries are something quite different as the nation does not profit directly and the burden is immense. It therefore seems unlikely that the EU is willing to provide huge investments for other parts of Europe.

Besides the economic aspect, the EU is also a political union where some sovereignty has been yielded to the federal level. Enlargement will especially make the current decision making process more difficult. The further integration is also by some nations given a higher priority than enlargement to ensure EU is a viable organization. Expansion of the EU is therefore complicated both politically and economically and is expected to continue at a slow pace. The Eastern European countries that apply, but do not yet qualify for membership, will probably still be able to negotiate some trade agreements.

Russia most likely cannot meet the EU's entrance requirements, and Europeans are not about to provide the vast economic aid to achieve this level. Russia therefore will not likely be joining the EU any time soon²⁹.

EU INTEGRATION

The major European powers still have shared interests on the continued cooperation and integration of Europe. But, as described previously, the nations' current desired end-state for EU differs. I. Manners has in his book "the Foreign Policies of EU Member States" compared the various EU members' position to some key questions. He concludes that:

- Member states' foreign policies are separable, but not separate from the EU context. France and the UK attempt to maintain the status quo of foreign policy coordination through intergovernmental means. Austria, Finland and Sweden use EU membership as a means of adapting from neutrality to post-neutrality.
- Sometimes differing views on foreign policy issues causes tension among the elite and public opinion.
- The boundary between domestic and foreign policy is increasingly being permeated.
- EU member states conduct all but the most limited foreign affairs inside a EU context. However the member states, especially the UK and France still have some areas they retain as a "domain privé" or special status.³⁰

The idea of a loose political union is less than what Germany, France and other influential countries have in mind. But the idea of a full federation any time soon appears more ambitious than most countries are willing to contemplate at the moment. This leaves a tight political union, or some form of strong confederation, as a likely target for the coming decade and somewhat beyond³¹. The EU is not a new "United States of Europe" but a mix of a state and an international organization³².

For as long as consensus exists, further political integration seems to be the trend. The effort likely will lose steam only when further integration would be more trouble than it is worth. Where and when this decisive point will be reached is uncertain, but clearly it lies in the distant future.

"If the past is prologue, the European Union will continue acquiring greater powers in the coming years, but in slow and evolutionary ways."³³

However Europe's past has also proven that re-emerging nationalism is an option and continued European integration is therefore not automatic. The project has until now mainly been driven forward by a core elite. Recent referenda about the EU in various countries have shown that the public is not equally convinced about the project as the elite. Even in France the public was split close to 50% for and against continued integration. Loss of public support and/or lack of shared interests between especially France and Germany could derail the project and lead to the former European multipolarity or "balance of power dynamics". Even though this is not likely to happen in the near or mid-term it cannot be excluded outright³⁴. The incentive to continue integration is the example of the US: that unity of effort ensures power, influence and prosperity. The same is seen in the business world where fusion both domestically and internationally is the dominating trend in order to improve the ability to compete.

The EU already acts as an entity in economics since trade cooperation was the basis for the EU. The defense and foreign policy dimension are less mature and unified since these areas, until recently, mainly were dealt within NATO. The EU is therefore likely to act fairly unified in economic issues but less unified in security and foreign policy issues until this dimension in the mid and longer term matures within EU.

ECONOMIC TRENDS

Europe's economic growth has been slow for the past several years, although it has picked up recently. Germany and France have been struggling with high unemployment rates, aging populations, huge welfare spending, and high wages, thereby dampening exports. Although inflation has been low, national debt and budget deficits remain high, posing long-term problems. Europeans anticipate that the new Euro-currency will help stimulate their long term economic growth³⁵. To ensure the EMU can function successfully participating Member States are required to comply with four "convergence criteria" to achieve and maintain low inflation rates, sound public finances and exchange-rate stability. Particularly two of the convergence criteria currently limit the member states economic autonomy:

- the rate of inflation must be less than 1.5 percentage points above that of, at most, the three best performing Member States in terms of price stability.
- the government deficits must not exceed 3% of GDP in normal circumstances, and the ratios of public debt to GDP must not exceed 60%³⁶.

Therefore most of the EMU members and EU aspirants have to prioritize welfare expenditures at the expense of defense expenditures. The bottom line for the EU nations is that economy and welfare have the highest priority for the time being since the direct threat from the former Soviet is diminished. The Euro project is considered so vital for the main European powers that they will not take actions that can jeopardize this project. Europe is fully aware that a precondition for being a superpower is a strong economy – the Soviet Union's fall as a superpower underlines this fact.

DEFENSE TRENDS

CFSP and ESDI

The development of ESDI has rapidly progressed since 1998 because national interests and policies of France, Germany and the UK seem to converge especially after the experiences in the Kosovo-crisis. The US has for a long time called for increased burden sharing and has, therefore, welcomed the ESDI as long as it is done within NATO. Some foresee that the ESDI

and the CFSP combined on the longer term can erode NATO and the transatlantic relationship³⁷. However, economic pressure and the preference of electorates will make it difficult for European countries even to sustain their current level of defense spending³⁸. The support for an independent Western European military capacity with global power projection capacity similar to the US is not likely to be funded in either the near or midterm and probably not even in the long term unless the situation in Russia changes to a major direct threat to the EU/NATO countries. However the public seems ready to support defense spending to counter the Balkan-crises because the conflict is within Europe and refugees move to Western Europe. This makes the conflict visible and causes social and economic challenges.

CFSP can include the risk of duplication of headquarters in both NATO and EU. Establishment of parallel HQs will subtract from the needed investment in power projection enablers since most European nations are not likely to increase defense expenditures. Another option is establishment of complementary EU – CFSP HQs at the expense of NATO HQ. Both options will erode the NATO structure and not necessarily increase efficiency but more likely the opposite.

NATO Enlargement

Since the signature of the North Atlantic Treaty in 1949, seven countries have joined the initial 12 signatories, raising the total number of NATO Allies to 19. NATO is an organization of sovereign nations and new members are therefore easier to integrate than in the EU's federal structures. NATO's force structure also makes it easier to accommodate new military forces since most NATO forces are based on assigned national contingents and only major HQs are permanent NATO HQ. The Alliance expects to extend further invitations in coming years to nations willing and able to assume membership, when it considers that the inclusion of these nations would serve the overall political and strategic interests of the Alliance and would enhance overall European security and stability. NATO leaders will review the process at their next Summit meeting in Prague in November 2002. The nine countries that have declared an interest in joining NATO are Albania, Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, Slovenia, and the former Yugoslav Republic of Macedonia. Aspirant countries are expected to achieve certain goals in the political and economic fields. These include settling any territorial disputes by peaceful means; commitment to the rule of law and human rights; establishing democratic control of their armed forces; and promoting stability and well-being through economic liberty and social justice. Defense and military issues focus on the ability of the country to contribute to collective defense and to the Alliance's new missions³⁹.

The aspirants see the weakness of Russia as a unique window of opportunity to join NATO and emphasize their orientation towards the west. Most Europeans support this but tend to promote their sub-regional interests causing diverging views on who should join and the pace. The US has also sent mixed messages concerning NATO enlargement since it has to balance its position between Western European and Russian views. Russia still regards NATO as a threat and the US has aimed at reaching an agreement with Russia without granting them veto in the process. It seems clear that NATO will continue enlargement but the pace and ultimate size are still unclear.

NATO likely will be unwilling to commit itself to defend Russia's border opposite China and Japan. Europe and Eurasia are therefore assessed to be too different to become one security community in the foreseeable future⁴⁰.

SUMMARY

The trend for the foreseeable future is continued integration of EU into a confederation of sovereign states. A return to the old multipolarity seems unlikely but cannot be excluded outright. EU acts as an entity in economics but the CFSP is still immature. Enlargement of EU will be slow and only comprise nations that are economically and politically mature. NATO will likewise continue enlargement but the pace and ultimate size is still unclear since the Europeans promote sub-regional security interests and the US aims at harmony with Russia that still regards NATO as a threat. ESDI/CFSP could erode NATO and thereby challenge US influence and leadership in Europe, however defense spending that support development of an independent European global power projection capacity seems very unlikely given the high priority of economic well being and domestic welfare. In the new century the priorities for the strategies and especially resource allocation have changed with economic well being now clearly having the highest priority, European security medium since the direct threat from Russia is diminished although the Balkans attracts attention. Promotion of a peaceful international environment through military means and promotion of values remains a low priority at least until the EU has been consolidated.

Evaluation of the future transatlantic relationship requires an examination of the various trends that may impact on the relationship.

FUTURE TRANSATLANTIC RELATIONSHIP

POLARITY

The world is currently unipolar and the US is the world's only pre-eminent power. The US could either seek to remain the only superpower or promote establishment of other global powers in order to share the burden of global security and leadership. Since the end of the Cold War the US' European policies/strategies are less tied to preserving the stability of the region. A potential revived US isolationism or unilateralism with a focus on mainly US interests and/or a reorientation towards other regions could lead to a decreased cooperation with Europe⁴¹.

If Europe continues on the current path it could rise to a fully economical - political and military superpower and, as such, be a peer partner or competitor to the US. Europe is already an economic superpower with the potential of being a competitor to US⁴². These perspectives cause different reactions in the US. Some welcome the development and express that a strong Europe can participate in shared global leadership and, thereby, helps the US in other regions and alleviates the US from an overextended security burden. Others see the European development as a threat to US interests – especially on the economic interests and the US ability to maintain its present favorable role as the global hegemon. A critical factor will be to what end the EU is pursuing a unilateral strategy in order to assert itself versus a cooperative strategy. The deeper EU integrates the more likely it will tend to act unilaterally.

Both the US and the EU could pursue a path of either unilateralism or multilateralism. The two paths or strategies combined represent the two likely scenarios for the future transatlantic relationship if EU integration continues: either a cooperative scenario or a multipolarity scenario with the US and the EU representing two different poles. Based on the previously described trends the two scenarios comprise the following potential developments.

SCENARIOS FOR TRANSATLANTIC RELATIONS

Scenario 1: A global, co-operative order

The global power structure will be characterized by extensive co-operation between the major powers and defined by common economic objectives. EU is mainly a confederation (cooperation between states but not a federation or United States of Europe). The co-operation will be focused on security in a wide sense. NATO will retain its place as the central defense organization. As the EU's co-operation with the USA generally works well and given an absence of major security problems in Europe, there is no basis for a major upgrade of independent European armed forces.

Scenario 2: The EU and the US as two separate poles in global multipolarity

One of the driving forces behind European integration is the need for Europe to assert itself, by looking after its interests, in strong technological and economic competition with the US and Japan. (EU a stronger confederation or even federation/union). The major form of power in this scenario is economic and technological power. Thus the US, the EU and Asia (Japan, India, China and South-Korea) are the most likely power blocs. In this scenario, there is polarization between the regional power centers. Extensive co-operation between major powers is possible but will not be institutionalized. In this scenario, Europe is heavily influenced by Russia's development. Attempts to create unity in the UN will often fail. A weakening of organizations such as NATO must be expected as a consequence of the tension in the transatlantic relationship in this scenario. The armed forces in the EU must, therefore, be expected to be upgraded gradually. The rate of such an upgrade will depend partly on the development of the transatlantic relationship and partly on the seriousness of the security problems that confront Western Europe⁴³.

OPPORTUNITIES/THREATS

The changed security environment has introduced an opportunity to redefine the transatlantic relationship and focus on shared interests in- and outside Europe such as war on terrorism and access to markets/investments. The war on terrorism has provided an opportunity to transition from the Cold War security cooperation to a broader global security cooperation advantageous in the current security environment. The economic area could result in tension or competition, particularly due to the current global recession, that might threaten the economic well-being.

Scenario 1 (global cooperative order) might limit the US' and the EU's freedom of action in order to reach consensus while scenario 2 (multipolarity) will give both the US and Europe greater opportunities or freedom of action to exert influence according to their own interests.

One of the main reasons for establishment of NATO and the EU was to create a Western European collective security and promote European prosperity through a coordinated political, economic and security agenda between the European countries, but mainly Germany and France. The main security threat to both the US' and Western Europe's interests is development of a scenario with a potential unstable Europe returning to the old multipolarity. A weakened US cooperation with Europe as described in scenario 2 may increase the possibility of competition between the Western European major powers and thus increase the risk of such a scenario⁴⁴. If the European integration fails both NATO and the EU are without greater importance. Then the

US most likely must return to the former active engagement and forward presence strategy towards Europe. However, the more Europe integrates the less this risk will be.

CONVERGENCE, CONFLICT OR DIVERGENCE OF INTERESTS AND POLICIES

General

In the following the US' and Western European interests and policies will be compared to determine the most likely scenario and the future trend for the transatlantic relationship.

The US' and Western Europe's shared interests from the Cold War era concerning Russian transition into a collective security in Europe and European prosperity for the common good of both sides of the Atlantic endures. The major difference is the change of priorities associated with these interests. For both the defeat of the Soviet Union has led to a lower priority to European security. For the Europeans this has resulted in a higher investment in the economic well being and welfare at the expense of defense expenditure. In the US it has led to a security reorientation to other regions such as Asia-Pacific and the Middle East, where the US interests are assessed to be more directly threatened⁴⁵. The US has also reduced its overall military capacity but remains the world's only true superpower with global power projection capacity. The direct result of this change in US priorities is a call for increased European burden sharing within NATO and increased European capability to resolve conflicts within the region. If this is achieved the US can concentrate on the global issues outside of Europe. Some US unilateralists would like this to happen without increased European influence on the global issues. It is however unlikely that the Europeans will accept this⁴⁶.

Security and defense.

As described previously the European countries have launched the ESDI project to increase European capabilities. The US has sent diverse messages, some may even go so far as to say schizophrenic, about the ESDI because on one hand it provides the requested burden sharing but on the other hand can erode NATO and thereby the US' influence in Europe. The risk for loss of US influence or decoupling has been resolved by European – most importantly French – acceptance of development of the ESDI within NATO. Despite the mixed messages, the US officially supports further development of ESDI. The real dispute about burden sharing however is not resolved and will probably remain since Europe's main emphasis or center of gravity for the near and mid term is assessed to be consolidation of a strong economy and internal cohesiveness. It seems unlikely that Europe is willing to commit major investments in military capabilities. The European reluctance to increase defense expenditure will result in

continued burden sharing disputes while it underlines that Europe is not going to become a military peer competitor to the US any time soon. If the US for some reason significantly diminishes its involvement in or even pulls out of NATO, the organization is unlikely to survive. In those circumstances the Europeans will probably shift focus to the EU defense and security dimension, and the US will only achieve loss of influence and risk unilateral European military actions.

While the shared security interests from the Cold War remain the major potential for conflicting interests are outside the European context and mainly in the economic field. The potential conflicts were suppressed during the Cold War era and now surface.

Both the US and Europe are heavily dependent on trade and access to raw materials such as oil outside the transatlantic area⁴⁷. From a security point of view the US and Europeans have shared security interests in establishing and maintaining a peaceful and stable international environment that ensures access and lines of communication to their overseas markets. However in the Asia-Pacific, African and the Middle-East regions the state of transatlantic security cooperation is far less bright than on the continent^{48 49}.

In the greater Middle East, the two sides of the Atlantic differ on the tactics for dealing with virtually every issue in the region: the Israel-Palestinian peace process; Western interaction with Iran. As for Western security challenges in Asia, including managing the rise of Chinese power, instability on the Korean peninsula, and the growing importance of India, the Europeans are virtually absent in any strategic sense⁵⁰.

There is a twofold explanation for this situation. First: some of the European powers such as France and to a lesser extent the UK have different interests than the US in some of these regions, especially in Africa⁵¹. The other reason is based on conflicting or different strategies concerning the interrelated conditions and environment outside Europe. Both the interests and the strategies are influenced by the geo-strategic factor posing different opportunities and threats to the US and Western Europe. Western Europe and the US are situated on two separate continents and are divided by an area of common interest: the Atlantic Ocean. Western Europe is placed in close proximity to Russia/Eurasia, North Africa and the Middle-East. The US is to the south linked directly to the Americas and is to the west across the Pacific Ocean facing Asia. This leads to diverging intensity of interests, threat assessment and thereby diverging strategies. For example a ballistic missile from North Korea can reach the US but not Europe. Conversely, Europe considers itself more vulnerable to a threat from the Middle-East than the US and, consequently, it does not have the same perception of the regional threats nor the same ways to counter it as the US has. Likewise the US, because of the close proximity, is

more concerned about the security situation in Latin America and Asia-Pacific than the Europeans.

The perception of the means and ways that should be applied to reach the ends can also differ. As the Europeans do not possess a military power projection capability they naturally tend to prefer using the political and economic instruments of power outside Europe. The Europeans' experience from their former colonial era has also made them reluctant to pursue a military solution and act as "imperialists"⁵². In addition Western Europe, has from its own recent history, experienced that security can be obtained through political and economic cooperation. The EU and Federal Germany are probably the best example on how to achieve one's objectives/interests through political and economic means in contradiction to the "Third Reich's" unsuccessful attempt to become a regional or even global hegemon through military conquest in WW II. It can, therefore, be difficult to get the Europeans to spend more on their military in order to support the US global ambitions, especially if the strategy is heavily based on military options and less on political and economic cooperation.

Thus, the US and Western Europe have shared security interests concerning a stable international environment but diverse perceptions of the threat and strategies due to a difference in geo-strategic factors, instruments of power available and past experience. This diversity is not new and should be recognized and accepted as an outcome of legitimate interests of sovereign nations. The differences are not assessed to be so strong as to cause direct conflict between the transatlantic partners but can cause some disputes or tension.

In the aftermath of the Kosovo-crisis the US was "displeased" with Western Europe's lack of capacity to participate in the operation but more importantly irritated about the perceived lack of unified European will to act and in accordance with US wishes. In Operation "Enduring Freedom" in Afghanistan, the US has chosen, in the initial phases, to act unilaterally. NATO declared the terrorist attack on 9-11 2001 as an attack against all NATO members and offered support to the US. The US did not want to "have its hands tied" in the operation and did not use NATO in the decisive operations but foresees handing the peacekeeping operations over to another organization. Even though this is an operation outside Europe and NATO's area the mere reaction from the US implies a unilateral attitude that could affect the future of NATO and the future relationship among the transatlantic partners especially for future operations outside the European region. European participation in "out of area" military operations will therefore likely still be based on "a coalition of the willing". The UK has often been the US' faithful partner in such coalitions since they often have converging interests, as well as the credible UK national expeditionary military capacity.

Economic

The economic well being through access to free and open markets can lead to competition between the US and Europe because they both are in the superpower league. There has already been tension between the two sides. With European import restrictions on certain US items such as beef and bananas on one side, and US export subsidies, steel tariff and trade laws that promote US products and limits European exports on the other side⁵³. The current recession in both Europe and the US and/or future recessions in either place are likely to cause tension. Increasingly closer cooperation between the third economic superpower East-Asia (Japan – South Korea and China) and the EU will probably also be seen as a threat to US interests and cause tension. Likewise, if the EU continues to establish trade agreements with the Latin American countries in MERCUSOR similar development should be anticipated⁵⁴. Economic competition is not necessarily a disadvantage since it can lead to competitive advantages, and a self controlling liberal market that counters monopoly and inefficiency.

A EU expansion and/or EU-Asian economic cooperation could result in a steady erosion of both the US' position on the global economic scene and could deteriorate into severe international conflicts and the disintegration of global economic links. Any new protectionist or unilateralist steps taken to counter this by the US, however, would simply trigger parallel responses elsewhere⁵⁵. Thus, the only feasible US option to counter this development is to renew cooperation with the EU and Asia partners. The fact that the US and Western Europe have such close trade and financial ties that benefit both will certainly moderate the conflicts and the ways each will employ.

A cooperative strategy should be the preferred option, but domestic priorities, emotions and public influence could lead to unilateral actions such as protectionism. Tension in the economic area could spill over to security and political cooperation since both sides have economic well being as the prime priority and the European security at a lower priority. This could result in development of scenario 2 (multipolarity) even though scenario 1 (cooperative order) is probably the most beneficial for both the US and the EU.

ASSESSMENT

The current situation is reflected in scenario 1, with a global cooperative order. Both sides benefit the most from a global cooperative order even though it limits the nations' freedom of action. The US' and Western Europe's shared interests from the Cold War era remains. The US and Western Europe have shared security interests regarding a stable international environment but diverse perceptions of the threat and strategies due to difference in geo-strategic factors,

instruments of power available and past experience. This diversity has long existed but surfaced after the Cold War ended and could result in disputes or tension but not direct conflict. The continued unstable situations in Russia and the Balkans, the war on terrorism as well as the financial and trade ties will most likely in the near and mid term continue to glue the transatlantic partners together. An increased economic competition and/or the EU moving into a federation can, depending on the strategies pursued - unilateral or multilateral -, however result in development of, scenario 2's multipolarity where the US and the EU are two separate poles. Scenario 2 nevertheless still makes cooperation possible but the risk for unilateral actions that endanger regional or global security and prosperity is far greater.

CONCLUSION

The European development trend for the foreseeable future is continued integration of the EU into a comprehensive confederation of sovereign states. A return to the past European multipolarity seems unlikely but cannot be excluded outright. Enlargement of EU will be slow and only comprise nations that are economically and politically mature. NATO will likewise continue enlargement but the pace and ultimate size are still unclear since the Europeans promote sub-regional security interests and the US aims at harmony with Russia that still regards NATO as a threat. ESDI/CFSP is not likely to erode NATO as European defense spending will remain low due to the prime priority to economic well being and domestic welfare. The consequence will be continued disputes about burden sharing. The US, however, does not have to fear development of the EU as a peer military competitor in the foreseeable future.

The US' and Western Europe's shared interests of security and European prosperity endures along with both shared and diverging interests of access to markets and investments. However, interests alone do not and will not define the transatlantic relationship. The various strategies also impact on the relationship; diverse perceptions of the threat and strategies also exist. European security has lost its primacy in the transatlantic relationship and introduced opportunities for a review of US and European strategies and thereby a changed transatlantic relationship. The development of the EU will not change the current cooperative transatlantic relationship in the near or mid term. A unified Europe does, nonetheless, cause some challenges or frustrations for the US. It will be a stronger economic competitor, have a mind of its own in foreign affairs and challenge the US' hegemonic position. A unified Europe will however be stable and able to solve its own crises and it might be a global partner to the US. Both developments will reduce the US security burden. However, increased economic competition between Western Europe and the US combined with a unilateral strategy on one or

both sides can, in the longer term, result in development of global multipolarity where the US and the EU are two separate poles. In such a situation cooperation is still possible but the risk for unilateral actions that endanger regional or global security and prosperity is far greater. The transatlantic financial and trade ties as well as shared security interests, such as security against terrorism, will be the moderators for such a development.

The EU could in the longer term evolve into a close federation with Germany as the center or regional hegemon. A stronger integration of EU will likely increase tension or could even cause conflict between the EU and the US absent any major external common threat.

PROPOSED WAY AHEAD

The proposed way ahead that will promote continued transatlantic cooperation is to focus on shared interests instead of conflicts along with acceptance of diversity. The relationship should also be based on equal partnership and dialogue. As the former US Secretary of Defense William S. Cohen has expressed it:

The substance of our transatlantic cooperation is overshadowed or even impeded by differences in tone. Americans frequently refer to their "leadership" of the Alliance [NATO]. For many Americans, this concept is essentially an accurate reflection of objective facts. But for many Europeans, "American leadership" has come to be understood asa grating expression of a "dominating" or "overbearing" superpower.The watchwords of transatlantic security relations must remain "inclusion" and "cooperation," not "competition" or "confrontation." We need to be prepared to share responsibility and leadership⁵⁶.

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