Transatlantic Relations after the Cold War

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The Real and the Ideal

Essays on International Relations in Honor of Richard H. Ullman

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Transatlantic Relations after the Cold War: Theory, Evidence, and the Future

John S. Duffield

One of the more frequent subjects of Richard Ullman’s extensive scholarship has been U.S.-European relations. And whether his primary purpose has been to analyze the current state of affairs or to prescribe policy to transatlantic leaders, he has always proved a perceptive observer and timely commentator. In the early 1980s, he endeavored to plot a route “out of the Euromissile mire” in which NATO had become stuck. Later that decade, he illuminated the underlying imperatives for security cooperation that endured even among estranged allies through his exposé of the “covert French connection.” As the Cold War began to wind down, he was one of the first to grasp the potential opportunities for “enlarging the zone of peace” on the continent and “securing Europe” as a whole. And where the rapid consolidation of democratic institutions and liberal values proved elusive, he did not flinch from offering a sober assessment of the difficulties faced by the West in addressing regional conflagrations, as in his analysis of “the world and Yugoslavia’s wars.”

Even this very brief and incomplete survey suggests the considerable impact that Richard Ullman has had on our thinking about the close but often conflicted ties shared by the United States and Europe in the postwar era. Consequently, it is only fitting on this occasion to take stock of transatlantic relations, especially as they have evolved since the end of the Cold War. An underlying theme of this chapter is that, although many of the issues have changed, especially in the realm of security affairs, the analytical perspectives emphasized by Richard Ullman in his teaching continue to be helpful tools for furthering our understanding of the subject.

For some four decades after World War II, transatlantic relations were shaped largely by two shared imperatives. Internationally, the imperative of
containing Soviet power and influence did much to force convergence among the foreign policies of the United States and its West European allies. Domestically, the imperative of creating jobs and providing rising living standards generated considerable impetus for the reduction of trade barriers, the liberalization of capital flows, and macroeconomic coordination across the Atlantic.

During the past decade, however, transatlantic relations have unfolded within a rather different context. The first of these imperatives was largely removed by the end of the Cold War and the disintegration of the Soviet Union. No longer must the United States and Europe coordinate their political-military affairs with a constant eye on Moscow. Although the second imperative remains important, its implications for transatlantic relations have become increasingly ambiguous as the West approaches the limits of the benefits of economic openness and principled multilateralism.

Consequently, the period since 1990 has been a time of soul-searching in U.S.-European relations. Fundamental questions have been raised about all aspects of transatlantic ties. Will the North Atlantic Treaty Organization (NATO) be preserved and continue to play an important role in European security affairs? Specifically, will the United States remain engaged militarily on the continent? Will the transatlantic partners continue to enjoy high levels of trade, or will they erect ever more barriers to one another's products amid a flurry of mutual recriminations? More generally, will the United States and Europe work together to promote common interests, or will they increasingly find themselves at cross purposes?

Needless to say, observers have offered a wide range of answers to these questions. Some have adopted a pessimistic stance, arguing that the foundations of postwar transatlantic cooperation have been irrevocably shattered by the end of the Cold War (Mearsheimer, 1990; Walt, 1998). Others have been much more sanguine, maintaining that those same foundations remain largely intact (Kahler, 1996). And a third school of thought contends that while serious fissures have opened up, they can nevertheless be closed through concerted effort on both sides of the Atlantic, should the will to do so exist (Gompert and Larrabee, 1997).

This lack of consensus, while frustrating to those looking for clear-cut answers, should come as no surprise. At bottom, it reflects divergent views about the underpinnings of transatlantic cooperation during the Cold War and the nature of the post–Cold War world. In order to assess the merits of the various positions, therefore, it is necessary to clarify the assumptions on which they are based and to spell out logically the implications of those assumptions in ways that enable us to weigh them against the accumulating evidence.

A potentially valuable tool for this purpose is the scholarly literature on international relations. Much of this work is often zealously scrupulous about
Transatlantic Relations after the Cold War

specifying its assumptions, deriving hypotheses, and, space and resources permitting, subjecting the latter to careful empirical tests. Moreover, this literature contains a range of theories that either have been previously applied to questions of transatlantic relations or hold out the promise of helping us to understand them.

In fact, the application of international relations theory to post-Cold War transatlantic relations promises to be of benefit to scholars and policy makers alike. For members of the academy, the recent history of U.S.-European interactions offers a useful laboratory for evaluating and, if necessary, refining theories that purport to explain patterns of interstate cooperation and conflict. Indeed, a handful of scholarly works have tried to do just that (e.g., Haftendorn and Tuschhoff, 1993; Peterson, 1993 and 1996; Featherstone and Ginsberg, 1996; Guay, 1999).

For their part, members of the policy community can profit from such an exercise in at least two related ways. First, theory can suggest the types of developments that are more or less likely to occur. As a result, policy makers can focus their attention on more plausible scenarios. The following analysis shows, for example, that the more pessimistic assessments of transatlantic relations are exaggerated. A significant decline in U.S.-European cooperation is not inevitable. Rather, solid theoretical grounds exist for concluding that a high degree of cooperation will remain possible well into the future. Nevertheless, the glue that bound the United States and Europe together during the Cold War is not as strong as it once was. Consequently, leaders who value a strong Atlantic partnership cannot afford to become complacent but must be pro-active in seeking to manage the relationship.

This conclusion raises the question of what types of steps should be taken, and once again, theory can help to provide some of the answers. By prioritizing the underlying causes of events, theory suggests where policy makers should concentrate their efforts. The following analysis underscores the important roles that international institutions play in transatlantic relations and thus the need to be attentive to their possibilities and limitations. Another finding concerns the stabilizing impact that flows of goods, investments, people, and ideas across the Atlantic can have where these promote the development of better understanding, common values and interests, and even mutual identification.

Accordingly, the chapter is divided into three parts. It first introduces three leading theoretical perspectives on international relations—the realist, the liberal, and what I term the transformational—and asks how each approach would expect U.S.-European relations to evolve after the Cold War. It then evaluates the usefulness of each perspective for accounting for the actual pattern of transatlantic relations since 1990. To what degree do the events of the past decade lend support to each of the three perspectives? In the third part of the chapter, I draw on the preceding analysis to reflect on the likely
future course of transatlantic relations and, where possible, to offer theoreti-
cally grounded prescriptions for their successful management in the next
decade and beyond.

Before proceeding, it may be useful to make explicit some of the limita-
tions of the following analysis. In the first place, the portrait I intend to pre-
sent will perforce take the form of broad brush strokes rather than a highly
detailed rendering of transatlantic relations. To accomplish much more in a
single chapter would be impossible. Consequently, some of the specific
events of the past decade may seem to fit poorly with the interpretation pro-
vided. By the same token, the predictions and policy prescriptions offered
below must necessarily be pitched at a high level of generality. Second, it is
probably still too early to draw definitive conclusions about the subject.
Some important consequences of the end of the Cold War may not yet be
fully manifest. This possibility should serve only as a reason for caution,
however, not as a justification for deferring consideration of the topic.
Rather, it is incumbent on scholars to use the analytical tools at their disposal
to make informed judgments about such matters in a timely manner, even as
they acknowledge the provisional nature of their findings.

ALTERNATIVE THEORETICAL
PERSPECTIVES AND THEIR EXPECTATIONS

Theories are useful tools for making sense of the world. They help us to gain
our bearings in the face of an often dizzying array of "facts" by providing
conceptual frameworks for ordering and selecting among those facts. At a
minimum, a theory should provide a map of the most important features of
the structure underlying the phenomena we wish to understand as well as an
indication of the relationships between those features and the processes that
connect them. In this way, it enables us to focus our attention on a relatively
small number of factors that may be particularly important in determining
the trajectories and outcomes in which we are interested.

International relations scholars have articulated a number of distinct theo-
ries for explaining patterns of interstate cooperation and conflict. Indeed, to
the uninitiated, the diversity of specific theoretical approaches present in the
literature may seem bewildering. Nevertheless, most can be grouped into a
relatively small number of theoretical perspectives that reflect common as-
sumptions about the nature of the most important actors and causal factors
in world politics.

Three theoretical perspectives—the realist, the liberal, and what I term the
transformational—hold particular promise as tools for understanding transat-
lantic relations after the Cold War. As I will argue below, no single perspec-
tive—and certainly no single theory—is able to account for all important as-
pects of the subject, especially one so complex and multifaceted. Each perspective offers valuable insights. But some are clearly more useful than others.

The Realist Perspective: Power and Threats

Perhaps the most commonly invoked theoretical perspective on international relations is realism. The term “realism” has been used to describe a number of specific theories, not all of which are compatible with one another. Despite such differences, however, most realist theories share a common set of basic assumptions (Mearsheimer, 1994/95; Waltz, 1979): that the main actors in international relations are sovereign states whose most fundamental motive is to ensure their own survival; that most states have the ability to inflict physical harm on and, in some instances, to destroy one another; that the basic organizing principle of the international system is anarchy; and that states can never be certain about the intentions or capabilities of others.

The most important consequence following from these assumptions is that states are fundamentally insecure. The use of force is always possible in relations among them, and every state is a potential—if not an actual—threat to every other state, although some are more threatening than others. Consequently, “governments worry a lot about security and pay close attention to potential threats” (Walt, 1998:8).

Two variants of realism are particularly relevant to the question of transatlantic relations after the Cold War: balance of power theory and hegemonic stability theory. Both offer pessimistic predictions, in the form of declining cooperation and increasing conflict between the United States and Europe.

Balance of Power Theory

Balance of power theory argues that states will seek to balance the power of threatening states. In order to do so, states will sometimes undertake unilateral balancing efforts. Where two or more states perceive a common threat, however, they may engage in various forms of military cooperation, including but not limited to forming a military alliance. The existence of a common threat may also promote economic cooperation, since the economic benefits that accrue to either ally will enhance their combined power. Conversely, the decline and, especially, the disappearance of the common threat will undermine the basis for both types of cooperation. Military cooperation will no longer be perceived as necessary, while economic cooperation may be viewed as dangerous, depending on the distribution of benefits, since an erstwhile partner might be able to convert its economic gains into greater relative military power (Grieco, 1988).

Balance of power theory explains postwar transatlantic relations, especially its cooperative aspects, as a response to the commonly perceived Soviet
threat. The military power and expansionist ideology of the Soviet Union prompted the United States and Western Europe to form what was arguably the most highly developed peacetime military alliance in history—NATO—and to engage in high levels of economic cooperation. Whatever conflicts might have existed between them were overshadowed by the need to maintain a united front.

From this perspective, however, the collapse of the Soviet Union, by eliminating the overriding common interest, should have deleterious consequences for transatlantic cooperation. First, the United States and its European partners should perceive little to be gained from continued participation in NATO while feeling ever more acutely the restrictions on state autonomy imposed by alliance membership. Thus we should not expect NATO to outlive the Cold War by long (Mearsheimer, 1990; Williams et al., 1993; Harries, 1994). Moreover, the United States and Europe should become increasingly concerned about the relative gains of economic cooperation to the degree that each now represents the other's greatest potential strategic rival. As a result, we should also expect growing transatlantic conflict in economic affairs (Asmus, 1997; Walt, 1998/99; Bergsten, 1999).

To be sure, some realists have appended caveats to this scenario. The former Soviet threat, while greatly reduced, might nevertheless provide sufficient glue to hold the alliance together, at least in the medium term, given Russia's nuclear capabilities and unpredictable politics (Duffield, 1994/95). Alternatively, other commonly perceived threats, such as terrorism or nuclear proliferation, might suffice to fill, at least in part, the void created by the collapse of the Soviet Union and serve as a basis for continued transatlantic security cooperation. Nevertheless, the general thrust of balance of power theory is pessimistic for U.S.-European relations.

**Hegemonic Stability Theory**

A second variant of realism, hegemonic stability theory, is hardly more optimistic about the prospects for enduring transatlantic cooperation, albeit for a different set of reasons. In contrast to balance of power theory, hegemonic stability theory seeks primarily to explain patterns of economic relations. It nevertheless shares with balance of power theory a healthy skepticism about the prospects for cooperation. Also like balance of power theory, it identifies a set of circumstances in which the usual hurdles can be overcome.

For hegemonic stability theory, however, these circumstances involve not the presence of a common threat but that of a singularly dominant, or hegemonic, power. Through a combination of threats and promises, a hegemon, can induce—or coerce—smaller states to open their markets and, more generally, to adhere to common rules of commercial intercourse. By the same token, a declining hegemon will find it increasingly difficult to elicit such be-
behavior, and previously established cooperative economic arrangements will tend to break down (Keohane, 1980).

Hegemonic stability theory has been invoked to account for the ups and downs of the postwar Western economic order, especially its transatlantic component. Following World War II, the United States, which had emerged as the dominant power in the world, spearheaded the creation of a new set of arrangements for the governance of international trade and financial relations. Although these arrangements corresponded closely with American preferences at the time, they nevertheless served the interests of most of the other noncommunist developed countries. As the relative power of the United States began to decline in the 1960s and, especially, the 1970s, however, the postwar economic order was subjected to a series of shocks that threatened to bring the whole edifice crashing down (Keohane, 1980).

In terms of hegemonic stability theory, the end of the Cold War per se has no clear consequences for transatlantic relations. It may nevertheless coincide with a continuation, if not an acceleration, of America’s relative decline. Not only have the countries of the European Union taken important steps toward economic integration and the creation of an economic power on par with the United States, but other dynamic market economies, notably those of East Asia, have emerged to pose serious challenges to U.S. ascendancy. In such circumstances, the United States should be even less willing to shoulder burdens of international leadership and less able to elicit behavior on the part of others in accordance with established rules, with predictably negative consequences for the stability of the postwar economic order (Sandholtz et al., 1992; Thurow, 1992; Bergsten, 1999).

The Liberal Perspective: Institutions and Values

Not all of international relations theory offers such pessimistic views of transatlantic relations after the Cold War. A second leading theoretical perspective, what is often called “liberalism,” is much more positive about the prospects for continued cooperation between the United States and Europe. Liberal theories are not inattentive to the role of power and threats in shaping state behavior and international outcomes. They insist, nevertheless, that international relations are far more than a rough-and-tumble scramble among states for physical security. Two principal liberal approaches in particular promise to speak to the question of transatlantic relations after the Cold War: institutional theory and liberal democratic peace theory.

Institutional Theory

Institutional theory, as developed perhaps most fully in the work of Robert Keohane and his associates, shares a number of important features
with realism. Like realism, it views states as the most important actors in world affairs, treating them as largely unitary and rational. Similarly, it regards domestic politics as relatively inconsequential.

In contrast to most variants of realism, however, this liberal approach assigns considerable importance to international institutions. Institutional theory starts from the premise that international relations are characterized by numerous situations in which states could in principle achieve considerable joint gains through concerted action but are often in practice prevented from doing so because of transaction costs, uncertainty, fears of cheating, and other obstacles to cooperation. Where such obstacles exist, however, states can overcome them in order to realize the potential gains through the creation of international institutions designed to lower transaction costs, reduce uncertainty, deter cheating, and so on (Keohane, 1984; Keohane and Martin, 1995).

Once such institutions are established, participating states have strong incentives to maintain them and to comply with the rules they contain. The preservation of international institutions ensures the continuation of the benefits that they were originally intended to produce. Even when conditions change and an established institution becomes less than ideal, participants may find that it is difficult to construct superior institutional alternatives or that the short-term costs of doing so outweigh the discounted present value of anticipated gains. Moreover, it may be easier to adapt existing institutions to meet new needs than to build new ones from the ground up. Only where an institution becomes clearly dysfunctional will it be rational for member states to cease to participate.

From the perspective of institutional theory, the end of the Cold War need not spell the demise of transatlantic cooperation. In the security arena, post-war U.S.-European relations were conducted largely within the context of NATO. The disintegration of the Warsaw Pact and the collapse of the Soviet Union itself clearly deprived the alliance of one of its most compelling rationales. But deterrence and defense against external aggression did not constitute NATO's only purpose, and others, such as stabilizing relations among the states of Europe, have attained new prominence with the decline of the former Soviet threat (Duffield, 1994/95). It could be expected, moreover, that NATO members would attempt to use such a highly developed and capable organizational structure to address any new challenges that might arise in the region, if not further afield (McCalla, 1996).

The implications of institutional theory for transatlantic economic relations are less clear, given that the United States and Europe established few primarily transatlantic institutions to govern their interactions in this area during the Cold War. Nevertheless, the transatlantic partners were the principal architects of and the major players in the broader Western institutional structures created after World War II to promote economic cooperation, such as
the General Agreement on Tariffs and Trade (GATT), the International Monetary Fund (IMF), and, later, the Group of Seven (G-7). Thus insofar as these institutions continue to represent valuable tools for pursuing U.S. and European economic interests and coping with global economic difficulties, one should expect continued compliance with their dictates even as individual states seek to modify their functions, structures, and rules in order to better suit the states' current needs.

Liberal Democratic Peace Theory

Liberal democratic peace theory represents an even greater departure from the tenets of realism. In particular, it rejects the assumption that states can be treated as unitary actors, contending instead that due attention must be given to the individuals and private associations that constitute society, the values they hold, and the domestic institutions that serve to aggregate their value-based preferences into state policy (Moravcsik, 1997).

Liberal democratic peace theory has been developed over the past decade and a half to explain a striking empirical anomaly: the fact that no two liberal democracies have ever gone to war with each other. To account for this phenomenon, international relations scholars have advanced two complementary theoretical arguments concerning the roles of democratic political institutions and liberal values, respectively (Doyle, 1986; Owen, 1994). Democratic political institutions can make it difficult for a state to move toward war until it is sorely provoked. The existence of a free press and open public debate can make it harder for leaders to act in secrecy. Regular, competitive elections ensure that those same leaders can be held accountable for their actions and thus punished if they resort to war without good reason or public support. And the distribution of foreign policy decision-making authority among multiple bodies or individuals means that steps toward war will be slower and more cumbersome.

The presence of such domestic institutions is no guarantee of pacific behavior, however. Not only have democracies participated in wars with no less frequency overall than their authoritarian counterparts, but they have sometimes even initiated military conflicts. Thus it is also important to consider how these institutional effects can be reinforced by liberal values. Liberal societies place a high intrinsic value on each individual and his or her well-being. Typically, this value is accompanied by a depreciation of war as a means of progress, given its potentially high cost in human terms, except where the use of force may be required to ensure the community's security or, in extreme cases, to preserve liberty and justice. Instead, liberal societies exhibit a strong preference for peaceful methods of resolving disputes and regulating competition. A further consequence is that societies marked by liberal values will have a special affinity for one another. They tend to regard
each other as fundamentally just and peaceful and thus deserving of accom­
mmodation, whereas illiberal states will be viewed as hostile and potential
threats (Doyle, 1986).

Arguably, the contribution of liberal democratic peace theory to under­
standing transatlantic relations during the Cold War is relatively small. The
United States and Western Europe had good reason to cooperate with one
another when confronted with the power and expansionist ideology of the
Soviet Union. Nevertheless, liberal democratic peace theory may help to ex­
plain why the transatlantic partners came together so readily and why they
cooperated so extensively, creating institutions (like NATO) without prece­
dent (Risse-Kappen, 1996). It also helps to account for the limits they placed
on security and, especially, economic cooperation with illiberal states such
as Greece, Spain, and Portugal until the 1970s and 1980s.

The expectations of liberal democratic peace theory for transatlantic rela­
tions after the Cold War are similarly indefinite. While this approach may pre­
dict the absence of military conflict between the United States and Europe, it
cannot forecast with any precision the forms of active cooperation in which
they are likely to engage. Perhaps the most that can be said at this point is that
they should possess a shared interest in preserving democratic institutions and
liberal values at home and promoting their spread abroad where possible.

The Transformational Perspective:
Changes in Beliefs, Interests, and Identities

The third theoretical perspective that I will consider, what I term the
“transformational,” is derived from the broader set of theories that seek to
explain international relations and state behavior in terms of ideational fac­
tors, such as belief systems, images, cognitive maps, collective identity, and
culture. The term transformational is intended to distinguish those theories
that emphasize the protean nature of the beliefs, values, interests, and even
the identities of the actors in international relations and call for more atten­
tion to how and why such ideational phenomena may change over time. As
such, transformational approaches share liberalism’s critique of realism and
build on the insights of the former, especially its emphasis on the role of val­
ues. At the same time, however, they implicitly criticize liberalism—and
other existing idea-based theories—for offering too static a picture of world
politics.

Learning Theory and Social Constructivism

The two most prominent transformational approaches are learning theory
and social constructivism. Learning theory, which was the first to be de­
veloped, is just what it claims to be: a theory of what and how actors—typically
individual policy makers—learn from experience, observation, and study. In its most basic form, it concerns any changes in the beliefs and values held by these individuals rather than connoting some form of human progress; learning can be maladaptive and dysfunctional as well as productive and beneficial (Levy, 1994).

Scholars have typically differentiated between two types of learning. Simple learning involves changes in factual knowledge and cause-effect beliefs. This type of learning is manifested when actors alter the strategies they employ to achieve a fixed set of goals. Complex learning, in contrast, involves changes in values, interests, and the basic goals of policy themselves. Thus this second type of learning may result in even more profound behavioral modifications (Nye, 1987).

Social constructivism, which borrows heavily from modern social theory, requires a bit more explication. The starting point of constructivist analyses is the assumption that the agents in any social system are not autonomous but, rather, are embedded in social structures of shared norms that do much to define their interests and identities. Such arrangements of agents and structures are not static but evolve over time through a process of mutual constitution: the actions (physical and communicative) of agents shape and reshape the normative structures, which simultaneously constitute and reconstitute the agents (Wendt, 1995 and 1999).

The intensity of such transformational processes can vary considerably, although most social constructivists would maintain that they are always present to some degree. What is important for our purposes, however, is the idea that repeated interactions among states and the people who compose them can result in changes in their interests and even their identities over time. Moreover, this process can easily go beyond the development of complementary interests and similar identities (e.g., as liberal democratic states) and lead instead to the emergence of common interests and a common identity (e.g., as an Atlantic community), an identity that could perhaps even serve as the basis for the construction of a new polity and that might exclude otherwise similar states located elsewhere.

In addition, there are good reasons to expect that the types of transformational phenomena posited by learning theory and constructivism will occur with particular frequency in the context of formal international institutions. Membership in such institutions is likely to alter the nature of interstate and transnational interactions in ways that facilitate the processes of interest and identity formation. Other things being equal, interactions among the individuals that represent participating states and various unofficial actors are likely to be of greater frequency, intensity, density, and duration than those among nonmembers. This effect should be characteristic of a wide variety of types of interactions, including direct human contacts, the establishment of transnational and transgovernmental links, information flows, and resource
transfers (Risse-Kappen, ed., 1995). Thus although institutionalist theory and social constructivism start from very different premises, international institutions should play a prominent role in many constructivist accounts of international relations.

**Hypotheses about Transatlantic Relations**

The transformational perspective is perhaps the least useful for explaining transatlantic relations during the Cold War (Risse-Kappen, 1995). What it would emphasize during that period is not the impact of accumulating changes in beliefs, interests, and identities but the very occurrence of such changes in the context of frequent and highly institutionalized transatlantic interactions. Since ideational changes of this type are likely to be gradual in nature, their behavioral consequences should require some time to emerge.

The post-Cold War era, however, is probably not too early a period in which to expect such consequences to become manifest. Thus transformational approaches would suggest that, independently of the continued existence of common threats, interlinking international institutions, and shared liberal democratic traditions, transatlantic relations after the Cold War should be different from what they might otherwise have become because of fundamental changes in the nature of the United States and the European countries, or at least in the beliefs and values held by their elites, mass publics, or both (Wendt, 1992:417–418).

The exact nature of the likely impact of such changes on U.S.-European relations is harder to specify; it depends crucially on the precise ways in which—and the degree to which—beliefs, values, interests, and identities have evolved under the impact of transatlantic interactions over the previous four decades. As a working hypothesis, however, one might posit, for example, the existence of altered beliefs (especially in the United States) about the interdependence of U.S. and European security and thus the value of continued American engagement in European security affairs. Closely related might be convergent transatlantic interests in European peace and stability, and not only because of the corresponding economic benefits. And some scholars have gone so far as to claim the emergence of a transatlantic security community based on a common identity (Risse-Kappen, 1995). Such developments would militate strongly in favor of a high level of continued cooperation, perhaps especially in the area of security.

**WEIGHING THE AVAILABLE EVIDENCE**

Three leading theoretical perspectives offer often contrasting expectations about the likely course of transatlantic relations after the Cold War. How do
these expectations hold up against the empirical record since 1990? Although even a decade of experience is perhaps too short a period on which to base firm conclusions about so broad a subject, it should provide us at least with some indication of likely trends.

Before attempting to draw any conclusions, however, it is important to make note of the most obvious difficulties that will attend such an effort. Three related problems stand out. First, a good deal of uncertainty exists regarding the expectations of each theory. In order to make more accurate predictions, it is necessary to have more detailed descriptions of the causal antecedents that each approach emphasizes. Concrete realist hypotheses are likely to be the easiest to generate, since the configurations of power and threat that they emphasize are relatively easy to specify, although, in fact, subjective perceptions of them may vary considerably. In contrast, the task of ascertaining the beliefs, interests, and identities stressed by transformational theories may be quite demanding and fraught with pitfalls.

Second, even if the achievement of greater specificity were possible, the various theories considered above would not necessarily offer rival hypotheses. Thus the same phenomena may provide support for more than one approach. The task of differentiating between the outcomes predicted by the liberal and transformational perspectives, respectively, will be especially challenging. Nevertheless, it should be relatively easy to distinguish between the generally pessimistic expectations about transatlantic cooperation of realist theories and the more optimistic ones of their liberal and transformational counterparts.

Third, even where hypotheses can be clearly differentiated and where evidence seems to be consistent with the expectations of one theory or another, it may be difficult to establish with any certainty that the causal factors emphasized by that theory were indeed responsible for the observed outcome. In any case, to do so with a high degree of confidence would require a much more detailed examination of the evidence than is possible within the confines of a single chapter, since one may need to inquire into the motives and calculations of multiple decision makers. Here, it will be possible only to examine the broad contours of transatlantic relations since 1990 and not to delve into primary sources.

With these caveats in mind, I now evaluate the usefulness of the three perspectives for understanding the recent evolution of U.S.-European relations. How should one go about doing so? Each of the theories considered above purports to explain the presence or absence of cooperation among states. Consequently, one should begin by looking for evidence of transatlantic cooperation. International cooperation has been usefully defined as "the voluntary adjustment by states of their policies so that they manage their differences and reach some mutually beneficial outcome" (Grieco, 1990:22; see also Keohane, 1984:51–52). With this broad definition as a starting point, one
might further distinguish among three more specific forms of cooperation in situations where policy preferences diverge:

- Making an effort to address common challenges or problems jointly, rather than acting independently. In some cases, this will involve using appropriate preexisting institutional fora.
- Exhibiting a willingness to compromise one's preferred course of action in order to achieve common policies. In some cases, this will entail the creation of new institutional structures or the modification of existing ones.
- Faithfully implementing common policies, even where this involves some cost or inconvenience in comparison with unilateral action. In some cases, this will involve complying with agreed institutional rules.

In conducting this analysis, consider first the security and then the economic aspects of the subject. Although this organizational structure is somewhat arbitrary and, more importantly, may obscure important links between the two components and tend to marginalize other significant aspects of transatlantic relations, it is nevertheless common in the literature and thus should facilitate comparison with other works.

Transatlantic Security Relations

The post-Cold War record in the area of security affairs provides considerable support for the liberal and transformational perspectives. Despite a number of episodes involving strained transatlantic ties, many of which seemed to confirm realist expectations, the United States and Europe have continued to engage in high levels of security cooperation. Along the way, they have transformed NATO into an institution that is better able to address their likely future security concerns in the region and thus can serve as a sturdy platform for joint action. Harder to establish is the role of transformational processes in accounting for these and related developments.

Evidence of Cooperation and Conflict

To be sure, many developments in the early to mid-1990s suggested that the realist dynamic of alliance disintegration would prevail in transatlantic security relations. As the Soviet threat declined, NATO countries engaged in rapid, largely unilateral force reductions and troop withdrawals, raising questions about the viability of the alliance's integrated military structure. Simultaneously, a number of European states, including many NATO members, expressed an interest in developing strong pan-European and/or West European security structures, suggesting that the old alliance with the United
States was no longer deemed necessary or at least that the U.S. role in Europe could be significantly reduced.

In addition, NATO was almost immediately buffeted by challenges of a different nature, which placed in stark relief the question of the alliance's continued relevance to the problems of European security after the Cold War. These challenges stemmed from the allies' differing responses to the conflicts that wracked the former Yugoslavia, beginning in mid-1991. Initially, of course, the desire of the Europeans to take the lead in dealing with the conflicts and U.S. willingness to defer to them resulted in a brief period of transatlantic harmony. The failure of these European efforts as well as those of the United Nations to put an end to the fighting and the concomitant recognition of the need for NATO involvement, however, soon brought U.S.-European differences to a head. One result was the early impasse triggered by the American proposal for a policy of “lift and strike” in Bosnia, which found little support on the continent. Such episodes of paralysis generated in turn a chorus of cries, especially in the United States, that NATO either had to go “out of area” or it would go out of business. And even where the allies could agree in principle to act, as on the policy of enforcing the U.N.-declared no-fly-zone over Bosnia, they frequently clashed publicly over the precise measures to be taken in response to violations. Clearly, the nature of the threat posed by ethnic conflict in the Balkans was not sufficient to compel a unified front (Ullman, 1996).

At approximately the same time, the NATO allies began to disagree openly over the desirability of admitting new members from Central and Eastern Europe. Although perhaps never as heated as the intra-alliance debates over what to do about Bosnia, the enlargement issue nevertheless further manifested the fissiparous tendencies existing within the alliance after the Cold War. Indeed, one realist has described it as the clearest sign of an eroding strategic consensus (Walt, 1998:19).

When all is said and done, however, it is clear that no fundamental breakdown has occurred in transatlantic security cooperation. To the contrary, the United States and Europe have continued to try to work together on regional security issues and have usually been able to overcome their differences in order to arrive at and carry out common policies. NATO has been not only preserved but substantially modified, both doctrinally and structurally, in order to be better able to address the likely challenges of the future. As a result, it remains a central—and, in many cases, the central—focus of the security policies of its members. Indeed, even France, which severed its military ties to the alliance in the 1960s, has seen fit to involve itself once again in NATO's defense bodies.

Likewise, the early concerns raised by the prospect of alternative European security structures turned out to be misplaced. Less progress has occurred than many had initially hoped or feared, in no small part because of
the transatlantic alliance’s continuing utility. And insofar as new structures have been established, they have been increasingly viewed as complementary to rather than competing with NATO, which has itself taken steps, such as the development of the Combined Joint Task Forces (CJTF) concept, to ensure their mutual compatibility.

Finally, the United States and the Europeans were able to work through their most important initial differences on the question of enlargement in the span of a few years, paving the way for the admission of three new members from Central and Eastern Europe in 1999. Likewise, they were ultimately able to achieve a high level of cooperation in Bosnia, beginning with the enforcement of U.N. sanctions in the mid-1990s and continuing through a half decade-long deployment of peacekeeping forces there. The Bosnia experience was followed by a much less contentious process of decision making and joint military action in response to the subsequent crisis in Kosovo, notwithstanding the lack of a clear U.N. mandate.

Accounting for Cooperation

More difficult than describing this generally cooperative pattern of outcomes is the task of accounting for it in terms of the three theoretical perspectives outlined above. Even realists—never ones to concede a point readily—might argue that, notwithstanding the collapse of the Soviet Union, the United States and Western Europe faced common threats of sufficient magnitude to ensure continued security cooperation. In the face of a nuclear armed Russia, actual and potential ethnic conflicts on their borders, and the new risks posed by proliferation and terrorism, the allies may not yet have been ready to go their separate ways. In terms of the material factors emphasized by realism, however, it is hard to see why the United States possesses a stronger interest in institutionalized security cooperation with Europe than it did, say, during the interwar years or immediately after World War II, both occasions on which it sought to disengage. And even if U.S. engagement were not problematic, the particular form that transatlantic cooperation has taken—the preservation of NATO—and the ways in which the organization has been used are not readily accounted for by balance of power theory.

Instead, the trajectory of post-Cold War transatlantic security relations seems less puzzling when viewed through the lenses provided by the liberal and transformational perspectives. Institutional theorists can explain NATO’s persistence in terms of the utility and adaptability of existing international institutions. Even if the nature of the security challenges facing the United States and Europe changed, as they did to a significant extent, it was always more efficient to rely on NATO and to make organizational adjustments as necessary than to react to events on an ad hoc basis. Thus an alliance that
had once emphasized the deterrence of threats and acts of aggression against its members has been employed to stabilize and promote reform in the states of Central and Eastern Europe and, where actual hostilities occurred, to coordinate international military interventions for the purposes of peacekeeping and peace enforcement. Indeed, all of these operations would have been much more difficult, if not impossible, to mount in the absence of NATO's organizational machinery. With the acquisition of experience and the development of new capabilities, moreover, such new cooperative ventures could be undertaken with ever greater speed, confidence, and efficiency—compare NATO's responses to the Bosnian and Kosovo crises, respectively.

The other strand of liberalism considered in this chapter, liberal democratic peace theory, would emphasize the specific types of strategies jointly employed by the United States and Western Europe to enhance their security after the Cold War. The allies were not content simply to wall themselves off from potential dangers, to engage in military cooperation with nonmembers insofar as possible, or to extinguish regional military conflicts. To the contrary, they have placed at least as much emphasis on transforming former adversaries into fully fledged members of the community of liberal, democratic states. Thus the North Atlantic Cooperation Council (now the Euro-Atlantic Partnership Council), the Partnership for Peace (PFP), and the NATO enlargement process concerned not only the creation of new security ties but also the export of Western models of civil-military relations, transparent defense policy making, treatment of national minorities, and the like. Likewise, the interventions in Bosnia and Kosovo have been closely linked to the goal of constructing political communities based on the principles of tolerance and representative government in those devastated regions.

Harder to establish is the impact of the types of factors emphasized by transformational perspectives, although this difficulty should not discourage us from looking for their influences. It would be an exaggeration to state that the United States and Europe have developed a common identity that could serve as a solid foundation for cooperation—indeed, such a claim would be premature even in the case of the members of the much more integrated European Union—although the first elements of such a transatlantic identity may be present. Even where American and European security interests seem to have coincided, moreover, it would be reckless without much more careful analysis to attribute such coincidences wholly to earlier interactive processes rather than to the common strategic circumstances of the moment.

Nevertheless, we can adduce at least some evidence for the existence of transformational phenomena in the rationales offered by political leaders for the policies that their respective states have pursued. These include, for example, frequent references to the United States as a European power, one with a permanent role to play in the security affairs of the continent (Holbrooke, 1995). Today, such views, which would have found few adherents
following either of the world wars, seem much more than just wishful thinking. By the same token, very few American elites today regard renewed isolationism as a responsible option.

Perhaps even more striking have been the justifications provided by political leaders in Germany, which is arguably the European linchpin of transatlantic security cooperation. The Federal Republic, more than any other European state, has been transformed by its participation in NATO and its close relations with the United States during the postwar era. Consequently, successive German governments of varying political stripes have been ardent supporters of the alliance and continued strong security ties with the United States, including an American military presence on German soil, to an extent that seems to exceed even what can be rationalized in terms of the expected practical benefits of such a policy (Duffield, 1998).

Finally, one might point to evidence of ongoing learning since the end of the Cold War with regard to how to respond to ethnic conflict in the Balkans and perhaps elsewhere on the continent. Having started at different positions, the transatlantic partners now appear to have arrived at a consensus about the importance of timely intervention, the need for American leadership, and the utility of NATO. These altered beliefs no less than the institutional changes that have occurred in the alliance are necessary for explaining the differing Western responses to fighting in Croatia, Bosnia, and Kosovo. In a similar manner, U.S. and European views about the meaning and value of European efforts to develop an autonomous capability for military action have exhibited considerable convergence.

Transatlantic Economic Relations

A similar pattern of outcomes and influences would seem to obtain in the area of transatlantic economic relations since the end of the Cold War. Here, too, one finds some empirical support for the increasingly conflictual dynamics predicted by realism. The preponderance of evidence, however, points in the direction of a liberal interpretation. Whether transformational processes have played much of a role is more difficult to say.

Evidence of Cooperation and Conflict

As realists might have anticipated, U.S.-European economic relations have been characterized by a number of high-profile disputes, especially in the area of trade. Whether the issue was bananas, hormone-treated beef, and Hollywood movies or more arcane subject like export subsidies and the extraterritorial application of American sanctions, such disputes have made headlines and raised concerns that transatlantic commercial ties might soon be strained to the breaking point. And at the beginning of the 1990s, the
Uruguay Round of global trade negotiations came close to collapse, largely due to transatlantic differences.

Yet the overall record of transatlantic economic relations is one of continued cooperation, notwithstanding attention-getting disagreements. The United States and Europe have continued to try to work together on economic issues, seeking amicable solutions to their conflicts. These efforts have included the creation and elaboration of formal arrangements between the United States and the European Union (EU) for the bilateral discussion of nonsecurity issues, including biannual summits at the presidential level, as called for in the 1990 Transatlantic Declaration (Kahler, 1995: 61; Reinicke, 1996: 42–43; Eichengreen, 1998: 1).

With regard to the area of trade, one should also remember that high-profile disputes are not a purely post-Cold War phenomenon. To the contrary, they have long been a staple irritant of transatlantic relations, even if the specific bones of contention have changed over the years. Moreover, important past objects of conflict, such as strategic trade with the Soviet bloc, access to resources in the developing world, and the protection of agriculture, have been diminished with the end of the Cold War, a steady decline in the price of most commodities, and significant reforms in the EU's Common Agricultural Policy (CAP) (Kahler, 1995: 2–3).

What really matters, in any case, is the broader impact of such disputes, and this impact appears to have been modest, if not negligible. Disputes in one area have not readily spilled over into others but have remained largely contained. In absolute terms, moreover, the level of transatlantic trade remains substantial, at around 20 percent of the U.S. total.

It is also noteworthy that the United States and the EU were ultimately able to overcome the deep differences that had obstructed global trade negotiations and to achieve agreements that served as the basis for the successful 1993 conclusion of the Uruguay Round, which resulted in the establishment of the World Trade Organization (WTO). Not only were the principles governing trade in manufactured goods extended into new areas, such as services and intellectual property rights, but they were supplemented with new decision-making bodies and dispute settlement procedures. Since then, the two sides have regularly taken their grievances to the WTO and have sought to comply with its rulings rather than resorting to unilateral measures in order to obtain redress.

The evidence in the area of monetary relations is more ambiguous. The post-Cold War era has seen no major conflicts in this area thus far. Nevertheless, the degree of transatlantic coordination in response to the financial crises—first in Mexico, later in Asia—that threatened to bring down the global financial system has been less than ideal. Moreover, it is too soon to assess the consequences of the establishment of a monetary union among eleven European states in 1999 (Eichengreen and Ghironi, 1998).
Accounting for Cooperation

To an important extent, it seems possible to account for this general pattern of continued cooperation in terms of the multiple international institutions of relevance to transatlantic economic relations. In contrast to the security realm, however, many of these institutions are global rather than purely regional in nature or, if not global, include one or more extraregional states. One important general mechanism for policy coordination has been the G-7, to which Japan and Canada belong. Although the G-7 is only loosely institutionalized, its annual summit meetings provide a unique forum for the discussion of issues and the achievement of consensus among the world's largest industrialized countries. During the first half of the 1990s, the G-7 served as a principal venue for the coordination of Western assistance to the former Soviet Union. With a larger, though still far from universal, membership and a lower profile is the Organization for Economic Cooperation and Development (OECD), which provided a forum for the negotiation by the United States and Europe of an agreement on measures to limit corruption by their corporations (Schott, 1998: 59).

The most developed set of international institutions governing transatlantic economic relations have been those concerned with trade, especially the GATT and its successor organization, the WTO. The existence of these complex frameworks of rules and procedures, and the benefits that they generate in terms of market access and the regulation of competition, has given the United States and Europe additional strong incentives for seeking to contain and resolve their differences. Indeed, these global institutions have reduced barriers to transatlantic trade to such an extent that relatively little would likely be gained from any purely bilateral liberalization measures, such as a U.S.-EU free trade area in services and industrial goods (Schott, 1998: 41).

As for monetary relations, transatlantic cooperation is pursued in a variety of international institutions, including the G-7, the OECD, the IMF, and the Bank of International Settlements (BIS). In contrast to trade, however, this realm is characterized by few specific rules and relatively weak mechanisms for policy coordination (Eichengreen and Ghironi, 1998). Consequently, should serious U.S.-European conflicts ever arise in this area, it may be possible to attribute them in at least part to the absence of adequate institutional arrangements.

The liberal democratic nature of the societies involved may have also played a role in promoting transatlantic economic cooperation, albeit a more indirect one. On balance, cooperation seems to have been favored by the level and nature of economic interdependence that has existed between the United States and Europe. While a high volume of trade increases the potential for conflict across the Atlantic (Eichengreen, 1998:1), it also raises the
stakes, providing both sides with an incentive to make sure that disputes are resolved or at least contained. In addition, transatlantic trade is highly balanced, thereby removing a source of rancor that repeatedly roils U.S. relations with Asia. Finally, cooperation has been undergirded by continuing high levels of direct investment, which has a strong positive impact on trade. Economic interdependence is in turn, however, strongly associated with liberal democracy. In particular, recent studies have found that democratic states trade significantly more with each other than they do with states that have other types of political systems (Morrow, Siverson, and Tabares, 1998).

Considerable evidence also suggests that transformational dynamics have been present. U.S. and European concepts about the proper ordering of the world economy have undergone considerable convergence during the post-war era. Whereas the United States and its principal European allies were frequently at odds over such issues as imperial preference half a century ago, they have developed highly similar, if not always identical, preferences for economic openness and market competition (Kahler, 1996; Guay, 1999). Whether this convergence can be attributed primarily to the types of processes posited by the transformational perspective is harder to establish. Nevertheless, at least one perceptive observer has argued that “five decades of close collaboration have produced societies on either side of the Atlantic that share broadly common views on international economic governance” (Kahler, 1996:24).

CONCLUSION: FINDINGS, FUTURE PROSPECTS, AND POLICY IMPLICATIONS

This chapter has inquired into the usefulness of three leading theoretical perspectives for understanding transatlantic relations after the Cold War. It has found that realist approaches, while providing a useful starting point for analysis, are unable to account for the general pattern of considerable cooperation that has continued to characterize relations between the United States and Europe in both the security and economic arenas. Balance of power theory and hegemonic stability theory both predict a decline in cooperation as a result of the end of the Soviet threat and American hegemony vis-à-vis Europe, respectively.

Instead, the record of the past decade is much more consistent with the expectations of liberal theories of international relations. As institutional theory would predict, the strong security and economic institutions created by the transatlantic partners in the wake of World War II and in response to the Cold War have continued to serve as valuable instruments for addressing
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their concerns and pursuing their national interests. As a result, the very existence of these institutions has both facilitated and generated strong incentives for continued cooperation, even as they have been modified and supplemented to conform better to the exigencies of the post-Cold War era. While the predictions of liberal democratic peace theory are not as specific, it too is nevertheless compatible with the high degree of cooperation witnessed between the United States and Europe.

Hardest of all to assess is the contribution of the transformational perspective to an explanation of transatlantic relations. Certainly, the pattern of continued cooperation is not inconsistent with this approach's emphasis on the effects of convergent beliefs, interests, and even identities. Rather, the problem lies in establishing with any degree of confidence that such transformational dynamics have indeed occurred and that they can be primarily attributed to the interactive processes that transformational approaches presuppose, as opposed to some other (perhaps random) mechanism. This problem, however, is not an absolute one but an artifact of the relative novelty of these theoretical approaches, the relatively greater difficulty of measuring the ideational variables that they emphasize (in comparison with power distributions or international institutions), and the relatively limited resources that scholars have thus far devoted to exploring their validity.

In fact, further research on the subject of transatlantic relations is likely to result in new theoretical syntheses in which the transformational perspective is treated as an essential complement to realism and liberalism as scholars find it increasingly difficult to disentangle the causal processes posited by these various approaches. This is because the impact of seemingly objective factors such as power and institutions on international relations is necessarily mediated by the perceptions, meanings, and understandings that are attached to them. Thus how one responds, for example, to Germany's economic power and military potential is largely a function of what one might expect Germany to do with the resources at its disposal. Likewise, the utility of a particular international institution such as NATO is as much a learned or imagined quality as it is something that can be straightforwardly divined from the organization's formal structures and processes. Consequently, it may ultimately be impossible to understand realist and liberal dynamics except through a transformationalist lens that helps to explain how the world came to be perceived and understood in a particular way.

A final observation concerns the sufficiency of the theoretical perspectives employed in this analysis. While one or more of them may be necessary to understand post-Cold War transatlantic relations, they are not necessarily able to account, singly or jointly, for all of the events and trends of the past decade that one might deem important. Although each of the three perspectives is pitched in broad terms in order to embrace multiple theories, they do not by any means encompass all of the theoretical approaches that might be
of use in this enterprise. Indeed, the very nature of these approaches may obscure important features that are essential to a more fully satisfying understanding of the subject.

As a first step, it may be useful to question the tendency of the preceding analysis to treat Europe (or at least Western Europe) as a single entity. Although this assumption is perhaps more reasonable than at any time in the past in view of the impressive strides made recently by the EU, the truth remains that the region is populated by a number of distinct nation-states that often hold conflicting interests on particular issues. Indeed, these intra-European differences may at times be as substantial as those that characterize transatlantic relations as a whole. Thus it may be advisable to disaggregate Europe and to explore the additional obstacles and opportunities for cooperation that such a model suggests.

Going a step further in this direction, it may sometimes be useful to disaggregate the states themselves into their constituent parts, such as governments, which may in turn be separated into their executive, legislative, and judicial components; societies, which may in turn be divided along lines of economic interest, class, ethnicity, and so on; and the various institutions of interest representation that link the state and society. Such an analytical move may help to highlight additional important constraints on or pressures for cooperation as well as aid in the process of identifying strategies for overcoming the former and harnessing the latter.

Both of these departures from the simpler model employed in this chapter suggest the potential relevance of the family of theories that concern the primarily domestic sources of foreign and security policy. Indeed, it may be impossible to comprehend particular trade disputes or the zig-zagging course of allied discussions on the question of NATO enlargement without reference to such factors. Nevertheless, it is useful to begin an analysis of this type by examining how far theories that consider the transatlantic system as a whole, rather than the often idiosyncratic characteristics of its component parts, are able to take us.

Future Prospects

What does the preceding analysis suggest about the future course of transatlantic relations? Clearly, attempts at political forecasting are fraught with potential pitfalls. Often, it is impossible to anticipate developments that prove to be primary determinants of future events. Could but Western leaders have foreseen the rise of a national-socialist dictatorship in Germany, the world might have been spared a second global conflagration. Likewise, those in positions of political power at the end of World War II could hardly have imagined the degree to which relations with the Soviet Union would deteriorate during the following five years.
Nevertheless, if one is to prognosticate, one cannot dwell on the unpredictable. And perhaps the best we can do is to project recent trends into the future, even as we recognize the possibility of departures from a linear path. In that case, the prospects for transatlantic relations are generally bright. We can anticipate a continuation of the generally high levels of cooperation between the United States and Europe that have prevailed during the past decade. Such an optimistic forecast also follows from a consideration of the factors emphasized by the theoretical perspectives that we have found particularly useful for illuminating post-Cold War U.S.-European relations thus far. The liberal and transformational perspectives provide good grounds, especially when taken together, for expecting continued cooperation, notwithstanding the greater potential for conflict, or at least a drifting apart, that the realist perspective identifies.

In the first place, the United States and its European partners remain well-established liberal democracies that will be naturally inclined to cooperate in the many areas in which their interests coincide. And where their interests diverge on specific issues, they will tend to evince understanding of each other's positions and to exercise restraint in their dealings with one another, placing sharp bounds on the potential for conflict.

In the second place, the United States and Europe remain jointly enmeshed in a number of well-developed international institutions that simultaneously provide opportunities and good reasons for continued collaboration. Most of those that were created during the Cold War have been successfully adapted, like NATO, so as to maintain their relevance in the face of new international realities and in some cases, such as the WTO, given additional powers. Moreover, some new ones, including the first purely transatlantic arrangements for the discussion of political and economic issues, have been established. Although these institutions and their operation have themselves at times been at the center of disagreements, they remain, on balance, valuable instruments for the pursuit of national interests. Thus their participants are likely to continue to work through them and to respect the limits that they place on national action even in cases where doing so seems disadvantageous.

One further word on the liberal perspective may be in order at this point. Thus far, I have treated institutional theory and liberal democratic peace theory as distinct approaches to understanding international relations. In fact, however, they are complementary insofar as international institutions and liberal democracy are mutually reinforcing. On the one hand, liberal democratic states are more likely to create and maintain international institutions than are other types of states. One reason for this is the intrinsic value that liberal democracies place on cooperation. Another is the importance assigned to the rule of law in such societies. The development of international law and organizations is merely the extension of familiar law-governed do-
mestic processes to the international sphere. On the other hand, interna-
tional institutions will be not only more abundant among liberal democracies
but also more consequential. Liberal democracies are more likely to regard
the rules institutions contain as authoritative and binding and thus to treat
those rules with deference. This further line of argument suggests the exist-
tence of even stronger grounds for expecting a continued high level of
transatlantic cooperation after the Cold War (Kupchan, 1999).

Finally, as the transformational perspective would emphasize, the United
States and Europe may have grown through a half century of frequent and
wide-ranging interactions into convergent ways of thinking about them-
selves, their interests, and one another that reinforce the institutions and lib-
eral values that already dispose them toward cooperation. Externally, they
have been increasingly bound by the shared goal of enlarging the areas of
the world that possess functioning market economies and are governed by
the rule of law. Vis-à-vis one another, in the words of a leading German ob-
server of transatlantic relations, "the distinction between foreign and domes-
tic policy has blurred as [their] societies have interwoven," a process that
seems only likely to accelerate with the growth of the internet (New York
Times, 28 May 2000; see also Guay, 1999).

Of course, the possibility remains that, in the long run, corrosive realist pres-
sures may ultimately prevail over these cooperative tendencies. Nor can one
 guarantee that all the circumstances that currently promote cooperation will
not change. For example, the relative, if not absolute, degree of transatlantic
economic interdependence—and thus the consequences of a fundamental
rupture—could decline as more and more U.S. trade shifts from Europe to
Asia. As a result, the United States could become increasingly willing to take a
hard line vis-à-vis Europe in defense of its perceived economic interests.

In addition, there is uncertainty about the implications of the further evo-
lution of the EU. The 1990s witnessed first the completion of a single Euro-
pean market largely free of barriers to the movement of goods, services, cap-
ital, and labor, and then the successful introduction of a true European
economic and monetary union (EMU) involving a common currency and a
single central bank, the feasibility of which had long been doubted. Now the
EU is poised to streamline its internal decision-making processes in prepara-
tion for the accession of new members from Central and Eastern Europe and
to add a true capacity for military action.

As a result of these developments, relations with the United States could
be strained in two somewhat contradictory ways. On the one hand, such sig-
nificant integrative steps would seem not only to evidence the existence of a
Europe that was more willing and able than ever to assert its independence
but also to set the stage for drawn-out future conflicts over both economic
and security policies between more evenly matched rivals. On the other
hand, problems with the EMU and enlargement could cause the EU to turn
inward, hampering efforts at transatlantic economic cooperation (Eichen-green and Ghironi, 1998).

Policy Implications

In short, the road ahead is unlikely to be an entirely smooth one. Just as during the last decade, the transatlantic relationship will encounter frequent bumps and the occasional pothole. Thus the generally optimistic picture painted above should not be allowed to foster complacency. To the contrary, the forward progress of U.S.-European relations will always stand to benefit from active management and enlightened leadership. This observation seems especially true in view of the fact that some important sources of post-war U.S.-European cooperation, particularly those emphasized by the realist perspective, are no longer present or much reduced. Consequently, the possibility that misdirected policies—or the absence of policy—could eventually lead to a fundamental breach in the relationship, although perhaps small, is not negligible. The good news is that the situation is not entirely beyond human control. Today’s and tomorrow’s leaders have it in their means to take steps that can help to preclude an extensive breakdown of cooperation.

What prescriptions follow from the theoretical perspectives considered in this paper? Once again, it is necessary to begin by qualifying what can be achieved here. It is no more possible to derive highly specific policy guidance from such broadly framed theoretical perspectives than it is to offer detailed predictions about transatlantic relations. A tradeoff usually exists between the range of instances to which a theory might apply and the degree to which it can illuminate a specific case. Consequently, perhaps the most that can be hoped for are very general guidelines, including an indication of the types of conditions and policy instruments to which policy makers should devote their attention.

When it comes to offering advice, realism is in one respect the least useful of the three perspectives, since the factors that it emphasizes are the least subject to conscious manipulation. There is not much one can do about the loss of the unifying Soviet threat or about the relative decline of American power vis-à-vis Europe. Nor would it be worth attempting to resurrect the Soviet threat or to construct a substitute merely for the sake of preserving allied unity even if one could do so.

Nevertheless, realism can help to suggest the forms of cooperation that are more or less possible and sustainable in the altered geopolitical circumstances of the post-Cold War era. In the area of security affairs, it makes clear that a high level of U.S. involvement in Europe will be more difficult to justify and thus to sustain than in the past, absent the reemergence of a compelling threat. Consequently, it behooves the Europeans to take the steps necessary to become collectively a more equal military partner of the United
States, one that can bear a greater share of the burdens of regional defense—and now peacekeeping—efforts than they have been able to do thus far, and it behooves the United States to encourage this process. To be sure, the United States may sometimes chafe at having to relinquish the disproportionate influence over NATO policy that has come with being the dominant member of the alliance. But this equalization of U.S. and European roles will be compensated for by a commensurate readjustment of their respective responsibilities and the elimination of lingering European resentments.

Similarly, in the area of economic affairs, realism underscores the importance of establishing and maintaining a balanced relationship. In the absence of a hegemonic power, asymmetrical flows of goods and capital risk prompting the erection of trade barriers and controls on investment. Indeed, this goal would already seem to have been largely achieved, at least in comparison with other bilateral relationships, thereby creating a relatively sound foundation for future U.S.-European economic ties.

The liberal perspective offers a different but complementary set of prescriptions. Institutional theory instructs policy makers to be attentive to the role that international institutions can play in promoting cooperation. Thus it would caution against moving too hastily to abandon or dismantle existing international institutions, even if they seem outdated, and would instead underscore the importance of identifying the ways in which they may continue to be of use, even if some modifications are necessary. Likewise, while recognizing that the creation new institutions is not the solution for every thing that ails transatlantic relations, it reminds us that they can sometimes help to resolve specific sources of conflict. Thus, as noted above, a transatlantic free trade agreement would probably not represent any improvement upon the WTO. But with traditional trade barriers having been largely eliminated, there may be a place for new U.S.-European institutions that could address so-called behind-the-border issues, such as differences in government regulation and corporate taxation (Kahler, 1995; Reinicke, 1996).

For its part, liberal democratic peace theory emphasizes the value of promoting the inculcation of liberal values and the establishment democratic institutions in countries that lack them and preserving them where they already exist. Liberal democracy seems well-entrenched in the countries covered in this analysis. Thus the most immediate prescription that follows from this theory is the need to seek to enlarge the "zone of peace" (Ullman, 1990) within Europe, if only as a means of reducing the likelihood and magnitude of crises and conflicts in neighboring areas that might strain transatlantic relations. In fact, Western leaders would seem to have already understood this lesson, judging by the efforts that they have made to promote political and economic reforms in Central and Eastern Europe.

In this regard, the two strands of liberal theory considered in this paper come together. Although regional institutions serve a number of purposes,
they have proven themselves to be among the most useful instruments for fostering liberal democracy where it is not already present. This goal has informed some of the most noteworthy NATO initiatives of the past decade, such as the PFP, as well as the EU's more gradual but nevertheless significant progress toward strengthening ties with Central and Eastern Europe. Although the potential drawbacks of admitting additional countries into NATO and the EU, especially if done so too hastily, should not be minimized, neither should they be allowed to justify interminable delays in the enlargement process.

Perhaps less obvious is the fact that international institutions will also have a role to play in preserving the impressive liberal democratic gains that were achieved within the existing transatlantic community during the postwar era. Here the case of Germany is especially instructive. Although German democracy may be no less inherently stable than democracy in other West European countries, it may be potentially more subject to corrosive external pressures because of Germany's central geographical location on the continent and its heavy dependence on exports. Thus policy makers should bear in mind how NATO and other European security structures can help to buffer Germany against potentially disruptive security threats, while the EU and the WTO can help to ensure access for German products in foreign markets.

Because of the relatively undeveloped nature of the transformation perspective, it is perhaps the least capable of generating concrete guidance for policy. At a minimum, it is useful for reminding policy makers that national beliefs, interests, and even identities are not immutable. Rather, these important determinants of state policy and international relations are themselves malleable and, indeed, somewhat subject to conscious manipulation. Thus policy makers eager to sustain transatlantic cooperation should be ever on the lookout for ways of fostering common understandings and interests.

Typically, such transformational dynamics are associated with international contacts and the flow of people, information, and material resources across national boundaries. Such exchanges, moreover, are likely to take place in the context of or be promoted by international institutions. Consequently, policy makers should be attentive to—and prepared to exploit—the transformational potential of NATO and other transatlantic institutions, even if these were established for different reasons and continue to be justified on other grounds.

Unfortunately, it is difficult to be much more specific at this point, given that transformational processes are still poorly understood. Much more research is required in order to clarify the mechanisms through which and the conditions under which national perspective, interests, and even identities may grow together. Scholarly efforts directed toward this end are likely to be well worthwhile, however, because of their substantial potential policy relevance, and not just for the management of transatlantic relations.
NOTES

1. One need only examine the titles of many of the books that have recently appeared on the subject. See, for example, Coker, 1998; Geipel and Manning, 1996; Kaase and Kohut, 1996; Serfaty, 1997; and Weidenfeld, 1996.

2. By anarchy, in this context, we do not mean a state of chaos; international relations can be quite orderly, even from a realist perspective. Rather, anarchy means a lack of hierarchy and, in particular, the absence of any central authority capable of enforcing agreements between states or of protecting them if they are threatened or actually attacked by one another.


4. Indeed, insofar as liberal democratic peace theory emphasizes values as opposed to formal domestic institutions, it too falls within this expansive camp.

5. For example, the tariffs (approximately $300 million) that the United States has threatened to impose on European products over the banana and beef-hormone disputes would amount to only about one-tenth of 1 percent of the total volume of transatlantic trade.


7. In 1998, 44 percent of all U.S. foreign direct investment (FDI) was in Europe, while 58 percent of all FDI in the United States originated in the EU (Guay, 1999: 82; see also Schott 1996: 41 and 44). According to one estimate, trade between parent firms and their affiliates on the other side of the Atlantic amounts to one-third of all transatlantic trade (Schott, 1996: 44).

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