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Out With the Old, In With the New? Explaining Changing EU–US Relations

Editors

Marianne Riddervold and Akasemi Newsome

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Out With the Old, In With the New? Explaining Changing EU–US Relations

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Editorial

Introduction: Out With the Old, In With the New? Explaining Changing EU–US Relations

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Abstract

When Russia invaded Ukraine in February 2022, Europe and the US quickly joined in a strong and coordinated response. But how significant is the Ukraine crisis response for longer-term trends in transatlantic relations? This thematic issue addresses this question by focusing on the factors that affect the strength of the transatlantic relationship. Only by exploring the impact of various structural, strategic, economic, institutional, and domestic factors can we better understand the current and future state of EU–US relations—both in normal times and in times of crisis. Two questions are explored across cases: First, is the EU–US relationship changing in various fields? Second, how can the putative changes (or stability) in EU–US relations be explained? For this purpose, the articles also operationalize and apply a common explanatory framework. This Introduction sets out and justifies the overall research questions, develops the analytical framework, and briefly explains the empirical focus of the articles that follow.

Keywords

European Union; multilateral order; security; transatlantic relations; Ukraine; United States

Issue

This editorial is part of the issue “Out With the Old, In With the New? Explaining Changing EU–US Relations,” edited by Marianne Riddervold (Inland Norway University / University of California – Berkeley) and Akasemi Newsome (University of California – Berkeley / Inland Norway University).

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1. Introduction

At the time of writing, relations between the European Union (EU) and the United States (US) seem more robust than ever. When Russia invaded Ukraine in February 2022, Europe and the US quickly joined in a strong and coordinated response, involving all means except direct military confrontation with Russia. The EU member states have again proved able to unite in crisis (Riddervold et al., 2021), and NATO and the EU have been coordinated in their response, so far avoiding the scenario some have feared might follow as the EU grows stronger in the foreign and security policy domain. It seems like the transatlantic relationship stood the test when push came to shove. But how significant is the

Ukraine crisis response for longer-term trends in transatlantic relations? Does the coordinated response suggest that the transatlantic relationship is back to normal? In other words, has it returned to the strong relationship we saw before Obama’s pivot to Asia and Trump’s questioning of the relationship? Or are we nonetheless witnessing changes in the transatlantic relationship that go beyond immediate crisis responses and any sitting US president? This thematic issue addresses these questions by focusing on the factors that affect the strength of the transatlantic relationship. Only by exploring the impact of various structural, strategic, economic, and domestic factors can we better understand the current and future state of this traditionally strong and globally important relationship—both in normal times and in times of crisis.

Transatlantic relations, defined as “the overall set of relations between the European Union and the United States, within the broader framework of the institutional and other connections maintained via NATO and other institutions” (Smith, 2018, p. 539), have been a key feature of international relations since the end of World War II. US–Europe relations form the very core of, and largely determine, the structure and content of the post-war “International Liberal Order” (Alcaro et al., 2016; Hill et al., 2017; Ikenberry, 2018). However, over the last decade, scholars and observers have questioned the strength of this relationship, under US President Trump in particular. Indeed, President Trump signaling that “the very basis of the relationship with Europe no longer fits with U.S. values, needs, and interests” (Anderson, 2018, p. 27) led scholars to suggest that EU–US relations might be weakening (Riddervold & Newsome, 2018a; Rose, 2018; Smith, 2018; Walt, 2017). In a 2018 issue of *Foreign Affairs* (Rose, 2018) with the telling title “Letting go. Trump, America and World Order,” a number of scholars discussed the present and future of the US leadership role in the international liberal order, including US relations with Europe. They concluded that the transatlantic relationship indeed seemed to be weakening, also beyond Trump, since the US is becoming less concerned with upholding its traditional bonds to its Atlantic partner (Rose, 2018). In the most comprehensive and systematic study of the impact of multiple EU crises and a changing US foreign policy on the transatlantic relationship, a special issue in the *Journal of European Integration* (Riddervold & Newsome, 2018b) also concluded that although the long term effects remain to be seen, “the transatlantic relationship is under more pressure today than in any other period since its establishment after the Second World War, putting the strength of the transatlantic, institutional structure to a particularly hard test” (Riddervold & Newsome, 2018a, p. 518).

Scholars suggest that the transatlantic relationship is not likely to go back to the pre-Trump era, arguing that there are long-term challenges facing EU–US relations even if it proved strong in the immediate response to Russian aggression in Ukraine (Schwartz, 2022; Smith, 2022; Walt, 2017). Structurally, the US’ long-term challenger is still China, not Russia. Also, domestic policies are vital to understanding US foreign policy. Trumpism has not disappeared from US domestic politics and may return with a new administration. One can only speculate what the (transatlantic) response to the Russian invasion would have looked like under a more Trumpist US administration. The relationship has however survived crises like that caused by Trump before and might do so this time as well (Anderson et al., 2008)—perhaps in particular if the EU and the US find their way back to a longer-term common response to Chinese and Russian policies.

Against this background, this thematic issue sets out to systematically *describe and explain a putatively changing EU–US relationship*. First, the claim that the transat-

lantic relationship is weakening beyond the effects of any one sitting president needs further substantiation before more general conclusions can be drawn. Second, if the relationship indeed is changing and even becoming weaker in the longer term, its causes remain to be studied systematically from a theoretical perspective. In spite of much public and scholarly debate about whether or not the transatlantic relationship is changing, there are no studies that comparatively explore not only if but also *why transatlantic relations potentially are changing (or not)*. Knowing how entangled the two Atlantic partners have become over the last 70 years, this gap in the literature is puzzling and is what this thematic issue will address.

The remainder of this Introduction draws on international relations (IR) and EU integration theory to develop a common analytical framework, discussing the many various and often interacting factors that potentially influence the strength of the EU–US relationship. It then briefly presents the various cases explored in the articles that follow. The findings are summarized in the thematic issue’s Conclusion (Newsome & Riddervold, 2022).

2. Studying EU–US Relations: Analytical Framework

The transatlantic relationship is a complex and multifaceted relationship that is affected by several different and often interacting factors ranging from economic and strategic interests, ideas, and institutional factors to the broader global structures in which they take place. In the words of Mike Smith in this issue, the transatlantic relationship is “a structured array of markets, hierarchies, networks, ideas, and institutions” (Smith, 2022, p. 219) that affects and is affected by the broader international structure and world order in which it operates. Studying any of these factors in isolation will thus give an insufficient picture of the relationship, even within a particular field or policy domain. After all, no other regions of the world are today as closely connected in economics, security, institutions, values, and politics as Europe and the US (Oliver, 2016, p. 2; see also Alcaro et al., 2016; Hill et al., 2017). Nonetheless, to systematically tease out the various factors that affect the transatlantic relationship, we draw on different theoretical perspectives and previous studies to develop a common framework distinguishing between five factors that putatively contribute to explaining a weakening or stable/strengthening relationship in our cases. Although analytically distinct, we treat them as empirically overlapping and potentially complementary. Hence, they may vary across cases and over time and may complement each other in any one case. While three of these perspectives are in line with the conventional explanations of the transatlantic relationship, focusing on interests, security, and institutions, we draw on cleavage theory and a constructivist crisis perspective to develop two alternative explanations that are seldom linked to studies of transatlantic relations: the importance of actors’ trust in and perceptions of the

relationship as such, and the role of domestic support. All the articles in the thematic issue relate to some or all of these factors and also discuss other aspects of the relationship, where relevant.

According to *neo-realist/realist perspectives*, relative power structures determine EU–US relations (Mearsheimer, 2014; Waltz, 1979). With changing geopolitical structures, the EU–US relationship may thus also change. On the one hand, the EU and the US may strengthen their relationship to balance other emerging powers that threaten the status quo or threaten their security. At the outset, the Russian invasion of Ukraine would suggest such dynamics, which could also be an expression of more long-term trends. Scholars have already suggested that the ongoing conflict with Russia may lead to a new cold war between the West on the one hand and Russia and China on the other, mainly depending on the extent to which China decides to support Russia (Beckley & Brands, 2022). The two might also want to cooperate vis-à-vis China to uphold US’ hegemony more broadly, or agree on a division of labor where the US supports Europe on Russia, and the EU is loyal to the US in its dealing with China (Cross & Karolewski, 2017). On the other hand, the growth of China and the relative decline of Europe may, after the immediate Ukraine crisis is over, once again lead to the US focusing on Asia rather than Europe, and over time lead to a weaker transatlantic relationship (Schwartz, 2022; Smith, 2022). The EU might also want to increase its own global power and independence vis-à-vis the US, or in light of changing US foreign policies under various administrations, consider its strategic interests better served by seeking other alliances.

A *liberal intergovernmentalist perspective* would also look at the transatlantic relationship as a transactional relationship primarily determined by broader structural changes. However, rather than explaining its strength based on geopolitical trends and strategic interests, a liberal intergovernmentalist approach explains transatlantic relations on the basis of the actors’ economic interests and interdependencies (Ikenberry, 2018; Keohane & Nye, 2012; Krasner, 1999). Ikenberry (2018) thus expects the transatlantic relationship and the liberal order overall to remain strong also in the future owing to a shared economic interest in the maintenance of that order: The high level of globalization, interdependence, and a common interest in open, well-functioning markets create a push for cooperation in search of efficient solutions to common challenges. According to Keohane and Nye (2012), interdependencies are active relationships that are costly to break. If there are high costs associated with a weakening relationship or strong economic benefits of a strong cooperation, one would thus expect the relationship to remain strong, even in the face of changing geopolitical contexts. On the other hand, if they do not perceive a strong relationship as valuable, or even believe other relationships to be more valuable in economic terms, one would instead expect a weak relationship to emerge.

We have, for example, already seen the EU responding to US protectionism under Trump by seeking economic partnerships with other actors such as Japan and China. Moreover, it is increasingly challenging to distinguish economic factors from strategic issues. Not least in the technological realm, where the US, for example, has presented Chinese 5G providers as a security threat and asked its allies to refrain from using them. The EU and the US also disagree on several issues, such as how to tax and regulate (often American) tech companies.

An alternative set of factors start from the understanding that other factors such as norms and institutions may influence foreign policy behavior and thus the strength of the transatlantic relationship at any one time (Kratochwil, 1989; March & Olsen, 1998; Risse, 2016). If we find evidence to suggest a strong/stable relationship across some or all of our cases, various *institutionalist approaches* would hypothesize that this is so because of the large number of already existing common institutions. Institutions are “persistent rule structures that prescribe appropriate behaviour, and enable or constrain behaviour” (Risse, 2016, p. 24) and can be formal (such as NATO) or informal (such as established patterns of cooperation within multilateral institutions). Within such institutions, policy-makers act based on existing path-dependent habits and internalized norms of behavior (March & Olsen, 1998); in this case, the practices, expectations, and obligations that have become institutionalized and internalized in the transatlantic community, where cooperation takes place almost automatically.

These roles may also be triggered in times of crisis, where shared perceptions and world views may come to the fore, as we have seen in Ukraine: The EU and NATO have for example been clear not only on the strategic threat posed by Russia but also on the importance of protecting a particular view on international law, where sovereignty and human rights are protected. Such established norms and roles may, however, also be challenged or revoked when faced with crises and challenges. A crisis may entail a fundamental questioning of pre-existing governance arrangements and “long-cherished beliefs” in existing solutions (Lodge & Wegrich, 2012, p. 11), or produce critical junctures that generate “windows of opportunity” for significant policy change (Kingdon, 1984). When established structures and taken for granted scripts are disrupted—which is what happened with the Trump crisis (Anderson, 2018)—we might over time thus also observe a weakening of the EU–US relationship. To further our understanding of the relationship, we thus also consider two additional factors linked to perceptions that may be particularly relevant for clarifying a weakening of the relationship: the importance of actors’ trust in and perceptions of the relationship as such, and the role of domestic support.

Our fourth factor builds on *social constructivist* core assumptions and, drawing from Cross (2021), adds to this perspective by suggesting that the transatlantic relationship rests on various actors’ perceptions of its strength

and viability, and, in particular, on whether or not the relationship is perceived of as being in crisis (or not). Social constructivist perspectives assume that norms and ideas may influence actors' preferences and identities and thus regulate behaviour (Cross, 2022; Kratochwil, 1989; Risse, 2016). Interests and preferences are not given, but socially constructed through various processes of social interaction, such as argumentation, learning, deliberation, norm diffusion and the like, where both state and non-state actors may play important roles (Cross, 2021). Hence, a key issue for understanding the strength of the transatlantic relationship would be linked to how it is perceived, which again would have consequences for various actors' behavior and relations to others. More precisely, to study this possibility empirically, we draw on Mai'a Cross' concept of *societal or integrational panic* developed to study the social construction of crisis in the EU. Cross argues that "crises must be *seen* to threaten whatever defines the current order of things....It takes opinion-makers...and various other *social* actors to construe an event as a crisis in order for it to be recognized as such" (Cross, 2021, p. 195, emphasis in original). In the EU, Cross underscores:

Integrational panic occurs when there is some form of overreaction to events, as well as the consolidation of narratives about these events, defining them as crises of EU integration. This disproportional reaction often brings pre-existing societal tensions to the surface that are not necessarily directly related to the crisis event itself, but then lead to the perception that societal or political breakdown of some kind is imminent. (Cross, 2021, p. 199)

This type of societal panic may hence also be vital in understanding the strength of EU–US relations: On the one hand, if a crisis is perceived as a common crisis amongst actors on both sides of the Atlantic, it may bring them closer together in common responses and shared role conceptions. If, on the other hand, the relationship itself is portrayed as being in crisis or in decline owing to mutually perceived antagonistic deficiencies of the other partner, this may, over time, have consequences for their *trust in the relationship*. That would in turn affect their behavior towards each other. As mentioned in the introduction above, Trump's break with traditional US foreign policies was a crisis for Europe (Anderson, 2018), and may lead Europeans to distrust the stability of the American commitment also in the longer term, even if they stand together in the immediate threat to European security caused by the Russian invasion of Ukraine. While both the US and EU leaders have taken the transatlantic relationship more or less as a given, Trump showed that international voluntary institutions over time are only as strong as the actors make them. The EU now knows that US policies may change again and that common institutions can be challenged. European political actors also recognize that the US foreign policy focus, indepen-

dent of any sitting president, is less on Europe than earlier. At the same time, continuous cooperation between European and US actors at lower levels may serve to contradict such trends, and instead serve to uphold trust and a strong relationship, more or less independently of what goes on at a higher level (Cross, 2022).

A fifth aspect that might affect the strength of the relationship is linked to *domestic support for transatlantic relations and international cooperation more broadly*. More precisely, to develop this argument, we draw on Hooghe and Marks' (2018) post functional cleavage theory to understand the support of, and opposition to, European integration amongst the EU population. According to this perspective, populism in Europe is due to a clash between the functional need for more European integration in response to common challenges on the one hand and local identities on the other, over time leading to the development of a new and increasingly salient transnational party cleavage. At its core, this new party divide is linked to a conflict over the role of the nation-state and hence also linked to voters' perceptions and parties' positions on the EU. Studies of increasing US polarization show similar patterns of support and opposition to international cooperation, suggesting that there is a new and increasingly important cleavage between voters who are referred to as the winners and losers of globalization (Peterson, 2018; Zürn, 2018). We also know that domestic issues are crucial to understanding foreign policy behavior, not least in the US (Olsen, 2022). As argued by John Peterson in 2018, "the fate of the liberal international order begins at home" (Peterson, 2018, p. 649)—an insight that is relevant for the EU–US relations as well. Nonetheless, these insights have seldom been applied in studies of transatlantic relations.

3. Cases Explored in This Thematic Issue

To answer our research questions, the articles in this thematic issue conduct *analyses across cases in two thematic areas that form the core of EU–US relations*, namely EU–US security relations and EU–US relations in multilateral frameworks. Together they provide a broad picture of the relationship. The first set of articles explores *EU–US security relations*. Gorm Rye Olsen discusses the development of the relationship across four key cases: NATO, the US pivot to Asia, the sanctions policy towards Russia, and, finally, the Afghanistan debacle (Olsen, 2022). Bjørn Olav Knutsen explores the long-term changes in EU–US relations and how these changes affect the development of EU security and defense policies (Knutsen, 2022). Pernille Rieker explores transatlantic security relations in Africa (Rieker, 2022), while Mai'a Cross discusses transatlantic security relations in space (Cross, 2022). Lastly, in one of their cases, Kolja Raube and Raquel Vega Rubio's cases discuss EU–US relations vis-à-vis China over the AUKUS deal (Raube & Vega Rubio, 2022).

A second key pillar of EU–US relations in the foreign policy domain is their interactions and relations in

multilateral institutions. Ingrid Hjertaker and Bent Sofus Tranøy explore EU–US financial relations over time and in times of financial crises (Hjertaker & Tranøy, 2022), Mark Schwartz analyzes EU–US trade relations (Schwartz, 2022), and Bart Kerremans explores EU–US relations in the World Trade Organization (WTO; Kerremans, 2022). In one of their two cases, Kolja Raube and Raquel Vega Rubio discuss EU–US relations vis-à-vis China in response to human rights violations (Raube & Vega Rubio, 2022).

In the final article before the conclusion, Mike Smith discusses the broader patterns of EU–US relations, focusing on its strength and status within a changing geopolitical order, and how various factors together serve to form a changing relationship (Smith, 2022). The concluding article (Newsome & Riddervold, 2022) summarizes the findings and discusses their empirical and analytical implications.

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Conflict of Interests

The authors declare no conflict of interests.

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Article

Space Security and the Transatlantic Relationship

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Abstract

Since the end of World War II, outer space has been an arena in which both high and low politics have played out, and both the US and Europe have been heavily invested. This article examines the case study of space exploration as a window into the evolving nature of the transatlantic relationship. With the US government regularly deprioritizing Europe in its foreign policy and at times taking the transatlantic relationship for granted, the author argues that transnational and non-state actors have played an important role in maintaining the stability of the alliance. In terms of space, this means that the space community—space agencies, private actors, space enthusiasts, engineers, and scientists, among others—often enable transatlantic cooperation despite initial conflictual rhetoric stemming from political leaders. Importantly, while these transnational or non-state actors tend to view space as a peaceful domain for all of humankind, governments and militaries often treat space as the next battlefield. To support this argument, the article considers two major transatlantic space developments: the US's Space Force, which reflects a US desire to be dominant in space, and Europe's Galileo satellite system, which reflects a European goal to have strategic autonomy from the US. The author argues that the idea that space should be a peaceful domain for all of humankind is more strongly reflected in outcomes, despite the presence of conflictual, militaristic rhetoric.

Keywords

constructivism; Galileo; non-state actors; space; Space Force; transatlantic relationship

Issue

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1. Introduction

It is widely noted that the transatlantic relationship has gradually weakened over the course of several US presidencies, but especially during the Trump administration when there was a fundamental break at the political level (Acharya, 2017; Kagan, 2017; Rose, 2018; Simpson, 2016; Walt, 2016). Indeed, the premise of this thematic issue, as discussed in the introduction, is that there is far more potential for the transatlantic relationship to weaken than at any prior time (Riddervold & Newsome, 2022). With the US tendency to take Europe for granted alongside the EU's pursuit of strategic autonomy, is the transatlantic relationship actually unraveling over the long term?

Despite the fact that the US has de-prioritized Europe in its foreign policy landscape and has announced a pivot

to Asia, I argue that the transatlantic relationship still remains intrinsically solid. Not only do deep economic, political, and security ties bind the two actors closely together, as demonstrated in their collective reaction to Russia's invasion of Ukraine, I argue that the transatlantic relationship is also increasingly sustained at the non-state and transnational levels where shared norms among certain key groups are strong and consistent. This is not a new phenomenon, but rather something that has long been in place and is now becoming increasingly important. Informal, people-to-people interaction across the Atlantic from business to tech to science has ensured the longevity of the relationship even as the political level has evolved in ways that would suggest more of a mercurial relationship.

This article analyzes the realm of space policy and space exploration as a window into the transatlantic

relationship. Although space is not necessarily the most obvious case to consider, the transatlantic space relationship is clearly an important dimension of it because space has been a staple on the transatlantic agenda for the entire post-World War II period. This same period also marks the origins of the European project and the current era of US-European relations. Moreover, space has been an arena in which both high-politics military and technological competition as well as low-politics scientific and economic development have played out. Advancements in space have broader implications for dual-use technologies, military capability, scientific knowledge, and diplomacy. Obviously, the most contentious political relationships when it comes to space are not between the US and Europe, but between the US, Russia, and China. However, given the aim of this thematic issue, I will keep the focus on the transatlantic relationship and leave aside the other international dimensions which are beyond the scope of this article.

As I have argued in previous work, since the dawn of the Space Age, despite the many opportunities evident in space exploration, there have been strongly competing approaches, among various state and non-state space actors, on how to take advantage of them (Cross, 2019). Europe and the US have been no exception to this. On the one hand, some military and political actors have tended to approach space as a war-fighting domain, and have internalized the notion that “space is the next battlefield,” in which the US must maintain dominance (Slater, 2018). On the other hand, many non-state actors, such as space agencies, scientists, and commercial entities have tended to pursue space exploration as a shared, cooperative endeavor. I have argued that despite sometimes sharply opposed narratives coming from state versus non-state actors, in practice space actors have largely treated space as a fundamentally peaceful domain for all of humankind, an inherent part of the global commons (Cross, 2021). I have traced this approach back to what I call the original *spaceflight idea*—which is rooted in the initial impetus to explore space in the first place around a century ago (Cross, 2019).

This article builds on my previous research through a focus on the role space plays in the contemporary transatlantic power relationship. Beyond space itself, this case study also illustrates how and why non-state or transnational-level actors often sustain international relationships. Whether it is through sector-by-sector cooperation, people-to-people interaction, or the existence of epistemic communities, I argue that relationships among allies in the international system stem from more than just political decisions to establish shared regimes or institutions. Thus, my argument aligns most with the fourth approach put forward in the thematic issue: the socially constructed nature of the transatlantic relationship through actors’ perceptions (Riddervold & Newsome, 2022). I argue that the ability of transnational social interactions to define interests through shared ideas can often be more influential than formal

policies or areas of contention reached at the political level.

The article proceeds as follows. I first briefly review the current debate surrounding the nature of the transatlantic relationship. I then set the stage, establishing that the transatlantic relationship in space has long been robust. Finally, I argue that the role of non-state and transnational actors is important in maintaining this relationship, even when state actors push in more conflictual directions, as has occurred more recently. To illustrate this, I examine two recent examples: the US’s Space Force and Europe’s Galileo satellite system. These are good cases to consider because both are typically associated with conflict in the transatlantic relationship. The advent of the US Space Force reflects a US desire to be dominant in space, and Europe’s Galileo satellite system reflects a European goal to have strategic autonomy from the US.

2. The Transatlantic Relationship Debate

Some scholars and experts contend that the transatlantic relationship has been subject to long-term erosion, a process that was clearly visible during the George W. Bush administration, but then even persisted during the Obama administration (as cited in Rhodes, 2021; Riddervold & Newsome, 2022; also see Knutsen, 2022; Raube & Vega Rubio, 2022; Smith, 2022). They cite contextual factors that have placed pressure on the relationship: a shift in US focus from Europe to China, the Indo-Pacific, and the Middle East, US domestic political polarization, and numerous EU crises, to name a few. According to this view, the Trump administration simply solidified and made more visible a process that was already under way. Even though President Biden’s political approach and values share far more in common with those of European leaders, the expectation from this perspective is that the Biden presidency makes little difference in the transatlantic relationship’s longer-term structural decline.

Other scholars have argued that the sharp break under Trump was an anomaly and that things are starting to return to “normal” post Trump. Indeed, in support of this view, neither neo-realism nor liberal institutionalism would anticipate a decline in the transatlantic relationship in the context of today’s international system. Neo-realists like Waltz would argue that with the rise of another potential hegemon—China—we should expect the US and Europe to come closer together in order to balance against the threat (Waltz, 2010). And liberal institutionalists would argue that the ongoing existence of major institutions that stabilize world order, such as the UN and NATO, naturally serve to underpin a strong transatlantic relationship (Ikenberry, 2008, as cited in Newsome & Riddervold, 2022). Keohane, for example, argues that once cooperative regimes are created, complex interdependence has staying power, and does not require a hegemon to maintain it as long as it continues to align with the interests of the biggest players

(Keohane, 1984, p. 40). Other neo-liberals focus on how trade and economic interdependence bind states' interests together such that shared, absolute gains become far more desirable than pursuing relative gains which could lead to war (Simmons, 2003).

Along these lines, I contend that international regimes play an even stronger role than that for which many liberal theoretical approaches give them credit, particularly at the sub-state level (Ruggie, 1982). Many constructivists have placed a far greater emphasis on the role of transnational or non-state actors. Building on Deutsch et al.'s early concept of "security communities" (1957), Adler and Barnett (1998), for example, argue that if people have shared identities, common values, frequent and direct interaction, and effective or altruistic reciprocity across borders, they can form transnational communities more generally and security communities more specifically. A key quality of the transatlantic security community is not only shared norms, but also the ability to resolve any conflicts or disagreements peacefully (Deutsch et al., 1957, p. 5; Pouliot, 2006). Risse (2003) emphasizes the extent to which this extends beyond states and politics to non-state actors who have common identity and values, material interdependence, and shared institutions.

In line with these constructivist perspectives, I contend that even though there have been more sources of conflict in the transatlantic relationship recently—the Trump presidency, trade disputes, divergences in geo-political priorities, and so on—the transatlantic relationship endures in part because of the ongoing richness of transnational ties. Sometimes they fill gaps in areas not already formally defined by the transatlantic relationship. For example, during the Trump administration many American tech and AI companies were left in the dark in terms of how new aspects of their work would be regulated. In this vacuum, tech company professionals worked closely and directly with their European counterparts and the EU to ask for help in building a transatlantic normative and regulatory framework (Federica Mogherini, Kennedy School talk, March 2021). Even though the Trump administration had severed ties with Europeans on a governmental level in this area, non-state actors sought to fill the gap. At other times, transnational actors can override state-level conflict, making such competition less relevant to outcomes, such as when societal-level actions and protests in the US and Europe went against the Trump administration's withdrawal from the Paris climate change agreement (also see Hjertaker & Tranøy, 2022, and Olsen, 2022, on other stabilizing factors during the Trump era). And at still other times, these actors can influence or shift existing transatlantic policy through ideational persuasion, a dynamic I consider more fully below in terms of space policy.

In effect, my argument broadens the explanation of path-dependence in the transatlantic relationship from institutions to individuals and groups, as well as

their ideas and practices (Pierson, 2000; Smith, 2022). An important dimension that international relations realists and liberals tend to discount is the actual substance and day-to-day practice of the relationship, i.e., the networks they form (Smith, 2022), which bring together the actors involved, the processes in which they engage, and the norms and interests they share. At the core of the constructivist approach is the notion that ideas define interests, rather than interests being predetermined by what is "rational," i.e., maximizing material self-interest through a cost-benefit analysis (Wendt, 1999). Even as state-level political interactions ebb and flow, or even gradually erode, those with the power to act upon their shared interests (defined by ideas and norms) play a fundamental role in maintaining international relationships.

To demonstrate this, I consider the case of space. In some respects, space is a hard test for the power of ideas because it is an arena fraught with military implications—much of the technology that is developed for space has dual use civil-military applications. In Wendt's (1999) terminology, advancements in space could even be seen as "rump materialism," which would make them exempt from the power of ideas. Better rockets mean better missiles, and because of this, state actors have tended to see space in militarized, competitive, and conflictual terms. Despite this, space remains peaceful and highly cooperative in actual practice. To understand this puzzle, I shed light on the ideas that matter to the key actors involved, and compare them to the outcomes. As I will demonstrate, there is ample conflictual language surrounding developments in space, even within the transatlantic relationship. Alongside this, however, are strong narratives expressing the idea that space is a domain for strong transatlantic cooperation, and for peaceful interactions more generally. The former tends to stem from the political level, while the latter stems from the various non-state and transnational actors involved in space, particularly scientists, engineers, space agencies, astronauts, space think tanks, and private space companies and start-ups.

Methodologically, I draw upon secondary sources as well as participant observation at the 2018, 2019, and 2020 International Astronautical Congress (IAC). The IAC is by far the most significant and largest annual event that brings together both state and non-state actors involved in space. As such, it is the most representative venue at which to observe how space actors conceive of space through how they talk about it. I supplement this with participant observation at the United Nations 2019 Space Security conference and 2020 Tufts University 7th Annual Civil-Military Relations Conference mainly to triangulate with observations from the IAC. While I attempt to draw out the actual mechanisms behind non-state actor persuasion, much of this process happens behind the scenes and is still classified so there are limitations to the evidence currently available. Nonetheless, using available sources, I seek to show

that transnational and non-state actors initially pursue different goals than states when it comes to space, and outcomes in transatlantic relations ultimately reflect the goals of the former, which view space more generally as a peaceful domain.

3. Transatlantic Cooperation in Space

To set the stage, Europeans have approached space exploration in a highly cooperative way from the very beginning of the Space Age. In 1958, the same year that NASA came into existence, European scientists proposed the creation of a similar European space organization: the European Space Research Organization (ESRO) and the European Space Vehicle Launcher Development Organization (ELDO; European Space Agency, 1966). Eduardo Amaldi (Italy) and Pierre Auger (France), who had previously launched the European Nuclear Research Organization (CERN), spearheaded the initiative (European Space Research Organization, 1974). ESRO and ELDO were formally established in 1964, and in 1975 were merged to form the European Space Agency (ESA). Since the late 1960s, NASA has cooperated closely with ESRO and then the ESA (Bonnet & Manno, 1994, p. 75; Logsdon, 1984, p. 12). These two space agencies have been central actors, populated with scientists and engineers, that have played a key role in shaping developments in space. While it might be tempting to think of space agencies as purely state actors, they have long pursued different goals from states (Cross, 2019), and actually have a formal mandate to achieve exclusively peaceful purposes in space (European Space Agency, 1975; National Aeronautics and Space Act, 1958), which political actors do not. They are comprised mainly of experts and scientists who play an important role in advising governments on what to do as well as interacting transnationally with their counterparts in other countries.

Over time, American scientists have encouraged European scientists to contribute more ambitious missions to transatlantic efforts, including the development of largescale space systems and manned spaceflight. In the 1970s, ESRO contributed the lab in Spacelab, while NASA provided the space shuttle. By the mid-80s, the US-European partnership in space was firmly established (Logsdon, 1984). Even as the ESA began to cooperate with other partners, as Logsdon put it in 1984, “the United States remains the partner of choice for ESA and individual European countries” (Logsdon, 1984, p. 13). After the end of the Cold War, transatlantic cooperation on space exploration ramped up. There has been a whole host of un-manned missions shared between American and European scientists: the 1993 International Rosetta mission, SOHO, Planck, Herschel Space Observatory, Euclid, Solar Orbiter, Orion Service Module, James Webb Telescope, and finally missions to Europa, the Jupiter System, and the Titan Saturn system (Machay & Hajko, 2015, p. 38). In addition, there have been manned missions, such as the International Space

Station (ISS) and the upcoming Artemis mission to return to the moon and then go on to Mars. Indeed, this has led Machay and Hajko to argue that NASA and the ESA are “the two most developed cooperating space parties” (Machay & Hajko, 2015, p. 41).

Although the 1986 Space Shuttle Challenger accident led to a period of retrenchment, exploration of outer space is now experiencing a veritable renaissance. Seventy-two countries have active and growing space programs. The number of countries with launch capabilities has expanded from just two—the US and Soviet Union up through the 1970s—to 14. In addition, a fundamentally new dynamic is emerging in that the number of private space companies is growing exponentially, and they are not just working for governments. In the past, companies like Boeing and Northrup Grumman built and developed space technologies specifically because the US government gave them contracts to do so. Now, there is private demand for access to space, especially within the transatlantic region, and this has opened up a new market for space technology and access. The total space economy is now worth around US\$447 billion, and is expected to grow to over US\$1 trillion by the 2040s (Space Foundation, 2021). Space is rapidly becoming more central to science, commerce, and security with many aspects of daily life on Earth now reliant on it.

At the same time, the transatlantic relationship in space also exists within a changing security context that is framed in far more conflictual terms. The notion of Space Race 2.0 has been invoked repeatedly and forcefully, especially when it comes to the interaction between the US, Russia, and China (Charlton, 2017; Rajagopalan, 2018; Sachitanand, 2018). This tension has been precipitated by certain events, especially the Russian, Indian, and Chinese anti-satellite and missile tests. These examples are still, however, few and far between, and in practical terms, it is important to recognize that space is still not weaponized. (As I discuss in more detail below, even though militaries rely on satellites for information, such as positioning of other troops and weather updates, space itself contains no weapons that can target Earth or other objects in space.) So, how can we reconcile these different space developments—potentially both cooperative and conflictual—and understand their implications for the transatlantic alliance?

I argue that transnational and non-state space actors across the Atlantic not only have distinct interests from governments, they have also independently played a strong role in advancing goals in space, often persuading US and European governments to pursue peaceful-use activities (Cross, 2019). These actors have defined the goals, outcomes, and relationships between space-faring powers for decades and this is reflected in outcomes (Cross, 2019). Their narratives about space rest on their ideas of the meaning of space for humankind. For example, space agencies focus primarily on advancing space science and promoting space exploration to the public (Newlove-Eriksson & Eriksson, 2013, p. 281).

Large commercial actors, such as Boeing, Raytheon, Thales, and BAE Systems, seek profit (Newlove-Eriksson & Eriksson, 2013, p. 283). And in the last few years, well-known start-ups like Virgin Galactic, Blue Origin, and SpaceX have pursued space tourism mainly because it has been a long-standing dream of their CEOs (Davenport, 2018). Think tanks working on space nearly always position themselves against the militarization of space. In short, unlike some states, non-state actors have no interest in pursuing a space arms race or cutthroat space competition across the Atlantic. Moreover, actual activities and developments in space largely reflect the arguments and ideas of these actors.

I now consider the US Space Force and Galileo as two prominent examples of transatlantic interactions involving space. They are hard tests for the power of transnational and non-state actors because both examples have clear military implications related to national power interests. Moreover, they also expose differences in how American and European governments approach space. If the peaceful goals of space actors are still reflected in outcomes despite high-stakes transatlantic differences, then this is evidence of the power of non-state and transnational actors in maintaining the transatlantic relationship.

3.1. *The US Space Force and the Prospects for Space War*

As access to space has become increasingly valuable, many governments and militaries around the world have launched *space forces*. As such, they have signaled that they are preparing for what they see as a near-term eventuality—space wars—invoking weaponized and militarized language as well as engaging in regular war-games to prepare for future scenarios in space. American government and military officials talk about the new US Space Force in terms of “allies” versus “adversaries,” and have publicly promoted the slogan “Always the predator, never the prey,” to justify its creation (Hitchens, 2019).

On the other side of the Atlantic, Europeans have also increasingly emphasized security implications in space as the landscape of actors becomes ever more crowded. In 2016, the EU’s Global Strategy for the European Union’s Foreign and Security Policy stipulated: “In space we will promote the autonomy and security of our space-based services and work on principles for responsible space behavior, which could lead to the adoption of an international voluntary code of conduct” (European Union, 2016, p. 42) The Global Strategy as well as the subsequent Space Strategy for Europe (from 2016) explicitly recognize space as a key area for defense and resilience of space infrastructure, among other things.

For realists and the policy practitioners who envision space as the next battlefield, any historical alliance between the US and Europe pales in comparison to the US’s need to maintain dominance, or Europe’s quest for some degree of strategic autonomy from the US. The underlying basis of the militarist approach clearly

stems from a kind of simplified version of realism, which prioritizes preserving power, no matter what the context. As Wang argues, both the US and Europe continually seek absolute and relative gains in space, and they are beholden to structural considerations of cost–benefit analysis. In light of the fact that space is intricately connected to security because of the dual-use nature of the technology, Wang argues that “The essence of space politics is an endless struggle for power, interests, and prestige among states in the space policy domain with the most cost-effective strategy” (Wang, 2013, p. 14). According to Wang, the US and Europe have made decisions on whether to compete or cooperate with each other based on these rational calculations.

I argue, however, that outcomes in the space sector do not actually reflect power calculations and national competition (author’s participant observation, IAC, 2018, 2019, 2020). Transatlantic space actors have proceeded with their goals, despite the Space Race 2.0 rhetoric, and in the name of the spaceflight idea. Repeatedly, non-state and transnational space actors from both the US and Europe have emphasized the importance of maintaining the peaceful nature of space, and they are actually achieving this. In terms of outcomes, European governments have strengthened their presence and contribution to space activities, but rather than seeking or projecting a sense of competition with the US, everything has been pursued in the name of cooperation. Similarly, despite outward appearances, US policy on space has been overwhelmingly cooperative.

Indeed, at the same time as the US government prepared to launch its Space Force, thousands of space actors—from start-ups to space agencies—convened at the annual IAC in Germany in 2018 and Washington DC in 2019. The theme of every plenary panel was ongoing and desirable international cooperation in space. The strongest expression of these ideas came from American and European participants. For example, ESA astronaut Alexander Gerst emphasized the importance of engineers, scientists, and astronauts in international space cooperation. He said in a 2018 phone call from the ISS to the IAC:

We live in this amazing machine that was built by around 100,000 people. So far, we have conducted around 3,000 experiments in the lifetime of the ISS....And it is obvious that this is a machine—some say it’s the most complex machine that humanity has ever built—no single nation could have done that alone....By putting our international...discrepancies aside and focusing on what unites us, our common visions, putting that together, enabled us to put together this machine. (author’s participant observation, IAC, 2018)

NASA administrator Jim Bridenstine, despite being a Trump appointee, underlined the role of space agencies. In 2018, he said:

We can't do what we do without the support of our international partners....There are more space agencies on the planet today than ever before...that means we have been able to do more today that we have ever before....We want to do more than we've ever done before, and collaboration and cooperation is the way to get it done. (author's participant observation, IAC, 2018)

And in 2019, at the IAC, rather than emphasizing US national interest, he said: "The US needs international partners. We can all do more if we work together than any of us can do if we go alone" (author's participant observation, IAC, 2019). Elaborating upon this, he said:

We have now been living and working in space for almost 20 years....15 nations have been operating the ISS for almost 20 years. We've had astronauts from 19 different nations, most recently a new astronaut from the UAE. When we go to the Moon we want to take all of those international partners and we want to grow it....We want to see other astronauts from all the nations on the world on the surface of the Moon. (author's participant observation, IAC, 2019)

At the same event, Jan Woerner, at the time director-general of ESA, also emphasized the role of people-to-people interaction:

The exchange of people and to meet people from all over the world is the important part. The second is the sharing of ideas. Third is communication. Fourth is cooperation, very concretely meeting people, discussing, and finding areas to work together. (author's participant observation, IAC, 2019)

And Elzbieta Bienkowska, Commissioner for the Internal Market, Industry, Entrepreneurship and SMEs at the European Commission, similarly described transnational collaboration: "Space is for everyone so need to work together to address challenges in a collaborative, cooperative way....In Europe we cherish the underlying cooperative culture and our EU programs will continue to provide benefits beyond Europe" (author's participant observation, IAC, 2019).

Thus, on the one hand there is the rhetoric associated with Space Force and US dominance, and on the other hand there is a highly cooperative narrative stemming from actual space professionals and experts. Which narrative is reflected in transatlantic outcomes?

In line with transnational and non-state actors' worldview, there is almost no area of space security in which the US and Europe are not closely working together and also amplifying the spirit of cooperation beyond the transatlantic region. While the IAC is a particularly visible venue to emphasize these ideas, these same space actors clearly play a key role in maintaining the transatlantic relationship beyond this in their everyday operations.

The European Union External Action Service (EEAS), the Global Strategy, and the European Defence Action Plan all emphasize the importance of transatlantic cooperation amongst space actors. The European Space Policy Institute, a premier think tank on space, has outlined in significant detail the various independent and joint space initiatives in the transatlantic relationship today (European Space Policy Institute, 2018, p. 66). In security terms, these range from capacity building, legal and regulatory regimes, space diplomacy, space debris, space situational awareness, environmental protection, and infrastructure security (European Space Policy Institute, 2018, p. 66).

Moreover, in spite of the launch of the US Space Force in 2020, NASA and the ESA remain on track to return to the moon in the next few years (Doubek, 2021), build a permanent Lunar Gateway to maintain a human presence in the moon's orbit, and launch manned trips to Mars in the 2030s. The ESA's contribution to NASA in terms of the return to the moon, known as the Artemis program, is significant. The ESA is providing the heavy-lift launch vehicle (Ariane) for the Orion spacecraft, which will be used for multiple launches to the moon and then onto Mars. The Lunar Gateway, which will allow humans to stay on the moon to conduct experiments and prepare for launches to Mars, is intentionally designed with "open architecture." That is, all countries will have the specifications and data to enable them to dock on the Gateway and make use of it. The ESA will contribute to the Gateway's habitation, lunar communications, and means to refuel the Gateway, all before 2030.

All of this revolves around an ongoing dialogue among transatlantic space actors that explicitly and universally recognizes the need for deep and long-term international cooperation if they are to be successful (author's participant observation, IAC, 2018, 2019, 2020). The ESA remains NASA's chief partner in this respect, and both space agencies are tangibly ramping up their commitment to expand human space exploration. Thus, while the Space Force has yet to change the nature of the human presence in space, Artemis has had an enormous investment behind it and tangible outcomes that are compatible with the peaceful use of space. Through Artemis, the influence of space agencies as transnational actors pursuing the peaceful use of space is particularly visible.

Why then does US leadership often invoke the overblown language of space wars, space weapons, and space as a battlefield? It is of, course, natural for sectors of the military to talk in militarized language as that is their role in a state. They conform to the ideas that pervade their sector. It does not mean, however, that conflict or war is the best or most likely course of action. As Everett Dolman of the US Air Force's Air Command and Staff College put it: "As military, we don't make the decision to go to war. International cooperation is not in the purview of what we do" (author's participant observation, Tufts, 2020). Thus, it is always the remit of militaries

to prepare for any eventuality so that they can be ready should conflict be required. From the military point of view, as David Burbach of the US Naval War College describes it, “space is everything....Our whole way of warfare is enabled by satellites” (author’s participant observation, Tufts, 2020). However, conflating the military perspective with the approach to space as a whole is far too narrow. When reflecting on the larger space situation, Damon Coletta, associate director at USAFA’s Eisenhower Center for Space and Defense Studies said: “Possibilities for cooperation are rising at the same time as great power competition” (author’s participant observation, Tufts, 2020).

Finally, if the militarist approach were making headways, and states, including in the transatlantic alliance, really were about to engage in “space wars,” presumably by now there would be actual weaponization of space in some form. So far, this has not been a reality (European Space Policy Institute, 2018). There are neither weapons in space that can target Earth, nor space-based missile interceptors. There is no arms race in space. Indeed, to the extent that space has military relevance, it is simply through the use of satellites, and even still, the satellites are designed to protect national assets on Earth. In other words, the notion of “space war” is mainly psychological and informational. As Paul Szymanski argues, “space war” boils down to the information that satellites provide to militaries, not about waging an actual battle in space (author’s participant observation, Tufts, 2020). Satellites can enable surveillance and communications. They can also support navigation, provide imagery, and anticipate weather. Even the most recent satellites technology, so called inspector satellites, go up to other satellites to gather information on their capabilities, but that is really the extent of the technology. Any possible damage done to satellites in orbit would have to come from Earth, and any retaliation against this possibility would more than likely play out on Earth. Several countries have proven that they can target satellites from Earth—China, Russia, the US, and India—through a missile or cyber/electronic means. There are still no actual weapons in space. Rather, non-state and transnational actors continually argue for a peaceful approach to space, and this bears out in actual practice in the transatlantic relationship.

3.2. Europe’s Galileo Satellite System

A second example that scholars invoke as evidence for a growing rift, possibly signaling the unraveling of the transatlantic relationship in space, is Europe’s global satellite navigational system, Galileo (Booker & North, 2005). In 2016, Europeans launched an independent GPS capability in part because they did not want to be totally strategically reliant on the US (Giannopapa et al., 2018). In the 1990s, especially during the Gulf War, interventions in Bosnia, and the Kosovo War, Europeans felt that the US was not as forthcoming as it could have been with intelligence and had diverging operational priorities

(Giegerich, 2007). As a result, Europeans wanted to gain strategic autonomy to be able to act separately from the US, if and when the time came. Galileo marked the first time that the American monopoly on GPS technology ended. Given that a European alternative would seem to represent an effort to balance against US superiority in this area, the announcement of a competing, European system at first sparked deep mistrust and disagreement about the parameters and functioning of the new system (Lewis, 2004).

Realists, of course, take the perspective that the US prioritizes national supremacy in space, which entails maintaining its advantage and power, including satellite access, to the extent possible. Dolman said: “No nation relies more on space for its physical security and economic well-being than the United States.” Over 70% of US weapons requires space, either for communications or battlefield situational awareness (author’s participant observation, Tufts, 2020). The common argument about Europe, in this regard, is that although it is far behind the US in terms of overall space capability, it still aims to gain whatever advantage it can vis-à-vis the US (Wang, 2013). In essence, the realist perspective assumes that international cooperation occurs only when the actors involved have “no choice” or when it is the only way to achieve their strategic goals. The expectation would be that the US would do whatever it could to prevent Europeans from developing an alternative to GPS given that it would undermine US supremacy in this area.

In practice, however, as Europeans went forward with Galileo, initial political conflict ended up getting resolved by non-state actors. For example, a significant stumbling block, among others, was Galileo’s planned signal frequency and code. US representatives feared that the original plan to use the so-called M-code frequency would represent a vulnerability to the system, which would also put US satellites and NATO assets at risk. The argument was that if Galileo overlapped with the US’s GPS’s spectrum, they would compete for signal strength. European representatives did not want to initially switch frequencies because this would result in reduced performance of their future satellites. As Giegerich (2007) argues, the agreement would not have been possible without significant scientific breakthroughs from non-state actors—engineers and signal experts—who were able to find unexpected ways to make Galileo’s code signals and system performance compatible with the demands of both US and European diplomats.

With the benefit of these scientific breakthroughs, despite strong political disagreement at the beginning, during 2003–2004 European and American diplomats were able to negotiate a transatlantic agreement on Galileo, which ultimately resulted in a high level of cooperation. First, European space scientists designed Galileo to be wholly interoperable with the US GPS system, effectively enhancing the security of *both* actors (European Space Policy Institute, 2018). And second, space actors were persuasive in their commitments to

peaceful use, and had the new science to back it up, leading to effective transatlantic dialogue and compromise. American diplomats became convinced to switch to the European signal structure as the new international standard (Lewis, 2004).

In the process of establishing the parameters and utility of Galileo, a European space epistemic community closely consulted American scientists and diplomats, and the European Commission represented the interests of these actors. While the Galileo negotiations were complex and involved a range of thorny issues, this was not about the US government imposing its will on Europeans. To the contrary, US representatives actually *changed their minds* through the course of the discussions—from opposing Galileo as a threat to American GPS to accepting it—demonstrating that state actors listened to “the better argument” and were persuaded by the non-state and transnational actors involved (Risse, 2000). Ultimately, as Giegerich (2007) finds, when American representatives started to treat Europeans as equals, it was not difficult to actually use Galileo as a fulcrum to bring the transatlantic partnership *closer* together rather than farther apart.

Importantly, the transatlantic Galileo agreement reflected the idea among space actors that space was an arena to benefit all of humankind, and that by working together and making their systems fully compatible, the US and Europe would be able to benefit from a satellite system that is greater than the sum of its parts (Council Decision of 12 December 2011, 2011). Individuals on both side of the Atlantic, especially diplomats and scientists, were able to navigate otherwise politically charged discussions to find common ground and strengthen the transatlantic alliance.

In sum, the role of transnational engagement between experts, scientists, astronauts, and space diplomats is crucial to understanding the longevity and resilience of the transatlantic relationship when it comes to space. This carries on even despite periods of sharp, militarist language coming from political leaders. Advancements in European space technology not only stem from a desire to have some degree of autonomy, but also for European space actors to be better partners to their American counterparts and to contribute to the overarching international effort to use and explore space peacefully.

4. Conclusion

Over the past few years, there has been a unique confluence of space developments: (a) a rejuvenated phase in the Space Age, (b) a new realm of activity for private actors and commercial interests, and (c) frequent invocation of Space Race 2.0. While there has clearly been a rise in militarist framing of space, actual activities and policies still reflect the ideas of space experts and actors. In the transatlantic relationship, there has been much made of the tensions surrounding the creation of the

US Space Force and the launch of the European Galileo satellite system, but the most noteworthy and tangible manifestations of transatlantic activities in space have been Artemis and the ISS. The ISS is universally acknowledged as “the largest civil cooperation programme in history” (European Space Agency, 1994, p. 1), with its stated goal very much in line with the spaceflight idea: “merging of different cultures and techniques reinforcing human communication capabilities across borders and language barriers” (European Space Agency, 1994, p. 1).

This is not to say that sharpened, militaristic rhetoric is purely benign. It does serve to emphasize the potential for, and possibly even create, a security dilemma in space (Patrick, 2019). If states and militaries ignore the highly peaceful and cooperative nature of space so far, fear of the weaponization of space—coming from misperceptions, miscalculations, and conflictual rhetoric—could lead to the actual weaponization of space. In this sense, it is important to remember, as emphasized in this thematic issue’s framework (Riddervold & Newsome, 2022), socially constructed perceptions of actors do not only result in “positive” outcomes but may lead to conflictual outcomes in the context of crisis.

Nonetheless, there is much reason to expect that the spaceflight idea will remain strong as it has despite facing many geopolitical challenges over the decades. In 2005, the ESA compiled dozens of responses from a diverse pool of people to reflect on how space benefits society. The result of this compilation was the emergence of key understandings about space. First and foremost, the “one world perspective,” also known as the “overview effect” (White, 1998), which emerged when Apollo 8 took the first picture of the Earth-rise, enables humans to see each other as coming from a single planet, from the whole Earth, rather than from small territories with boundaries. Second, space also provides the ability to dream about new frontiers, which on a practical level fuels science and careers. Third, it has developed new knowledge especially with respect to technology, computers, and health. Fourth, satellites provide invaluable information on the Earth itself, and have led to cooperation among nations and communication. Space experts often cite the statistic that for every dollar spent on space, the return on investment is somewhere between seven and 14 dollars.

With these strong motivations in mind, it is clear that space allows for transnational and non-state actors to build and maintain the fabric of international alliances based on their own logic of appropriateness. For them, space is part of the global commons and a realm for peaceful interaction for the benefit of all humankind. The path-dependence of these beliefs have clearly influenced actual day-to-day activities in space.

As noted in the introduction of the thematic issue, one cannot get a complete picture of the nature of the transatlantic relationship through examining just one policy area in isolation (Riddervold & Newsome, 2022). It is possible that space is in some ways a special area in

that it resonates with traditions of science diplomacy, i.e., cooperative relationships between states that can in some ways avoid being politicized by virtue of their scientific basis. While space scientists and engineers clearly see exploration of space this way, the dual-use military dimension of space technology prevents this area from being completely innocuous. I would ultimately emphasize the particular strength of the spaceflight idea, and the longstanding networks that have upheld it since the dawn of the Space Age.

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Conflict of Interests

The author declares no conflict of interests.

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Article

Making Sense of the European Side of the Transatlantic Security Relations in Africa

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Abstract

This article aims to investigate the character of transatlantic security relations in Africa: How can it be characterized? Have they become weaker or stronger over the past decade? How can this development be explained? As NATO has not yet been heavily engaged on the African continent, it is prudent to study the relations between the EU and the US. Africa has been of concern to the EU (and its member states) for decades due to its geographical closeness and historic bonds. Since 2001, for both Europe and the US, Africa has become a region of increasing security concern due to the threat of international terrorism—for Europe, we can also add the migration concern. The European side of this relationship has also been largely dominated by France, making the transatlantic security cooperation in Africa essentially about French-American relations. But as France has taken the lead regarding Europe's security and defense engagement in Africa, increasingly with the support of other EU member states and associated non-members, this bilateral relationship is more than simply cooperation between two states. By applying a framework that understands EU security and defense policy as a process increasingly characterized as a differentiated and flexible integration under French leadership, the development of the Franco-US security relations in Africa must be understood as an expression of the transatlantic security relations in this region.

Keywords

Africa; differentiated integration; EU; France; Sahel; security; transatlantic relations

Issue

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1. Introduction

As Riddervold and Newsome (2022) point out in their introduction to this thematic issue, most theories in international relations indicate that a more insecure geopolitical context leads to a strengthening, rather than a weakening, of transatlantic relations. However, such a causal relationship assumes the continuing existence of a transatlantic security community that either has common interests (Webber & Hyde-Price, 2015), an institutionalized cooperation dynamic (Ikenberry, 2018), a common set of values (Adler & Barnett, 1998; Deutsch, 1957), or a common set of practices (Pouliot, 2006). While the presence of such a community of interests, values, and practices was taken for granted for many years and linked

to the cooperation within the institutional framework of NATO, this assumption has been challenged by the rise of China and the “US pivot to Asia,” initiated during the Obama presidency. Though Obama attempted to compensate for this shift by making an explicit commitment to NATO, Trump made a point of not following this line. As a result, there were frequent transatlantic diplomatic tensions between 2016 and 2020. Even so, Trump's threats of leaving NATO never materialized, and American military engagement in Europe continued (Olsen, 2022). With the election of Joe Biden, there were high hopes of a deeper and more convincing transatlantic commitment. Such expectation appeared to be confirmed during the early days of Biden's presidency, amid clear signs of a return to “normal”: At the Munich

security conference, Biden declared that “America is back,” an assertion backed up with renewed US support for various multilateral initiatives. This has also been confirmed after the illegal Russian invasion of Ukraine.

Before the invasion, however, Biden would not shy away from transatlantic tensions if needed. The AUKUS alliance between the US, Australia, and the UK, is an example. It came as a major surprise to the French political leadership. First, it was a breach of a very important contract for the French defense industry—one referred to as “the contract of the century” in France. More importantly, it was perceived as a breach of trust among close allies, fuelling sentiments in France that the US could no longer be trusted. However, this dispute cannot be reduced to a purely Franco-US conflict, though, with the EU and its member states also expressing support for France in this matter. Ultimately, the deal reaffirms the key difference in strategic interests that exists across the Atlantic: While the US views China as its number one challenger and prefers to pursue a hard-line towards Beijing (and Australia and UK were willing to support this hard line), most European states (EU members and non-EU allies) favor multilateral engagement with China, and so are mindful of becoming mere instruments in the US’ competition with the People’s Republic.

In the end, it is potential instability close to their borders (East and South) that continues to be the key concern for both EU members and non-EU NATO members, with the threat of China downplayed. As Smith (2022) argues, structural changes in the world order impact transatlantic relations through a series of different mechanisms. The result is, in many ways, a weakening of common interests across the Atlantic compared to earlier times when the perception of a common threat was at the core of the relationship. Thus, a key question is whether common values and practices of institutionalized transatlantic cooperation can compensate for this weakening of common interests and help maintain strong transatlantic relations. The Biden administration’s policy since the Russian invasion of Ukraine indicates that this is the case. Still, it remains to be seen if it will last, also beyond Biden’s presidency.

With this article, we will not be able to answer this overarching question in full. However, taking a closer look at the recent development in the transatlantic security relations in Africa—a region where instability and conflicts potentially represent a greater concern to Europe than the US—can provide us with a better idea of the strength of the transatlantic relationship. If the security community is strong and based on more than common interests, it might be maintained and perhaps also strengthened.

A study of the strength and the character of the transatlantic relationship needs to start with a clarification of what is meant by the EU in this context: Is it so that the EU side of this bilateral relationship must be characterized by a unified approach—either in terms of a common EU policy or an approach where certain mem-

ber states can be said to act on behalf of the EU? Or is there no common EU security approach to Africa with the European part of the relationship being weak and fragmented? How we interpret the European side of this relationship is important for how we, in turn, interpret the transatlantic relations.

With regard to the transatlantic security cooperation in Africa, the question is whether we are seeing a move towards greater unity on the European side and, if so, in what form, or whether we instead see a tendency toward increased fragmentation. As the two sides of this relationship are very different—with a federal state on the one hand (the US) and a hybrid on the other (the EU), the analysis needs to be conducted in two steps, first by (a) clarifying what we mean by the EU in this context and then (b) moving on to discuss the character of the EU–US security relationship.

Africa is a continent that has long been a key concern for both parties, but it has risen up the agenda over the past two decades due to the threat of international terrorism, and for Europe, the (real or perceived) threat of mass migration. While both parties are heavily engaged on the African continent through development aid, humanitarian aid, conflict prevention, and civil-military crisis management, transatlantic security cooperation on the continent has largely been dominated by Franco-US cooperation. Therefore, the question is whether and to what extent this bilateral cooperation can be understood as an expression of EU–US relations. This article argues that this is the case as France has taken the lead in European security and defense policy for decades, increasingly with the support of most member states.

Explaining how such an interpretation is possible, the article will start by showing how a very particular interpretation of differentiated (and flexible) security integration helps us understand the European side of this relationship. In the third section of the article, an overview of transatlantic security cooperation in Africa since 2001 will be provided, demonstrating how this cooperation has been dominated by Franco-American collaboration. In the fourth section, the EU’s engagement in the region is put under the spotlight to show how it complements French military engagement, but also how limited the bilateral cooperation between the EU (as such) and the US is in this region. Based on this, the article ends with a concluding section that discusses what this should imply for our understanding of transatlantic security relations in Africa.

2. Differentiated European Security Integration as a Way of Boosting European Actorness

It has been suggested that Europe’s most prominent challenge is not a lack of resources but rather a lack of defense integration (Howorth, 2019, p. 264). While some have argued in favor of filling this gap by strengthening European defense integration in NATO, others have

argued for the need to strengthen the EU's Common Security and Defence Policy (CSDP). Today this division is becoming increasingly artificial, and we see more support for the need to strengthen European defense through a combination of these two alternatives. The objective has rather become to find ways to create positive synergies between all the bi-, mini-, and multilateral initiatives and processes that already take place in Europe—regardless of the institutional framework (Knutsen, 2022). The main critique against such a differentiated or flexible defense integration has long been that it could lead to higher levels of unnecessary duplication and fragmentation. But now, it is increasingly seen as the only realistic way to make Europe stronger and more capable of handling the different types of security threats it faces (Knutsen, 2022). This is also clearly emphasized in the newly adopted Strategic Compass (Council of the EU, 2022).

While differentiated integration is not a new phenomenon in the literature on European integration, the concept is mostly used to describe a process of differentiation within the EU, referring exclusively to processes where certain member states decide to move forward with more integration, implying a certain degree of transfer of competencies (Schimmelfennig et al., 2015). In the area of defense, PESCO is an example of this kind of differentiation. However, defense initiatives that are taken outside the EU institutions should also be included. In the end, institutions might be less important than common achievements through various integrative processes.

Applying a concept of integration that takes various processes and initiatives at different levels of government into account is therefore helpful to understand the mechanisms of differentiated integration in European defense. And the distinction between vertical and horizontal integration (Leuffen et al., 2021; Schimmelfennig et al., 2015) is useful, but these terms will be applied here with a slightly different meaning (Rieker, 2021b). While vertical integration is traditionally understood as the transfer of competencies from the member state to the EU level, it will be used here by referring to a move towards a higher level of interconnectedness among European states (March, 1999). Such interconnectedness could then include (a) the degrees of (political and economic) interdependencies; (b) the level of common norms, rules, and objectives; and (c) the degree of contact points through common institutions and resources, which could potentially, but not necessarily, also include the transfer of competencies.

Similarly, horizontal integration, which traditionally is reduced to the level of participation in the EU defense cooperation (via the CSDP, with Denmark's opt-out, or Norway's opt-in), will in this article also include various European defense cooperation initiatives (within and outside the EU structures) that all aim at strengthening European defense capacity. This implies including multiple forms of bilateral and multilateral agreements and cooperation frameworks between member states, and

between member states and associated non-members. Adopting such a broad understanding of vertical and horizontal security and defense integration creates a framework that considers the full extent of Europe's combined capabilities that the EU may have at its disposal.

Still, the very existence of this type of differentiated defense integration is an added value only if there is the political will to make use of it. This means that we need to know whether and how different levels of government relate to these different types of European defense capacities. Introducing agency in the analysis, we may distinguish between four different roles the various European actors may take: leaders, followers, laggards, and disruptors. While the first two are characterized by attempts to drive differentiated defense integration forward, the last two are distinguished by attempts to slow down or reverse the process. In these processes, both states and the multilateral institutions themselves take on different roles.

With regards to Europe's security engagement in Africa, there are two obvious leaders: (a) EU institutions, such as the European Commission and the European External Action Service (EEAS), when it comes to addressing the root causes and long-term security concerns; and (b) France when it comes to handling the more acute security concerns that require military engagement. The rest of the European states (EU members and associated non-members) must, in this case, be perceived as followers as they have actively supported the French leadership role.

3. Making Sense of Transatlantic Security Cooperation in Africa

Being a federal state, the US policy towards Africa is somewhat easier to grasp. Like most Western countries, the US has been providing development aid to many African countries for a long time. Even so, prior to the 9/11 terrorist attacks against the US, security and military engagement in Africa was traditionally rather limited. As part of the Bush administration's counter-terrorism strategy that arose in response to the attacks, the US increased its engagement in the Sahel (Alcaro & Pirozzi, 2014). This engagement manifested itself in the establishment of a permanent base in Djibouti in 2002, the launch of the Trans-Sahel Counter-Terrorism Partnership anti-terror initiative aimed at training African forces, and Operation Flintlock, which involved joint exercises between US troops and African forces.

This engagement also continued under the Obama administration with the launch of the United States Africa Command (AFRICOM) in 2008 and the US Strategy Towards Sub-Saharan Africa in 2012, pointing towards an American willingness to strengthen its presence in the region. However, one important adjustment to the US' engagement occurred during this period: Rather than taking the leading role, the US decided to focus more on support, or "leading from behind," thereby allowing

the Europeans to assume primary responsibility. Thus, when the Arab Spring “turned to winter,” and a Western response was called for, the US took a back seat in the 2011 NATO operation in Libya (led by France). This supporting role was repeated during the situation that arose in Mali two years later, in 2013, when France decided to act on a UN Security Council Resolution to fight Islamist terrorism.

In 2014, President Hollande and President Obama published a co-authored article in the *Washington Post* emphasizing the importance of their bilateral cooperation (Obama & Hollande, 2014). Following the 2012 (Montauban) and 2015 (Paris) terrorist attacks, many French decision-makers began arguing in favor of strengthening cooperation with the US as a supplement to their cooperation with other EU member states (Lequesne, 2016). Despite a certain reticence between the two at a diplomatic level, France and the US enjoy long traditions of military cooperation (Rieker, 2005), and even more so after many years of cooperation in Afghanistan. This has resulted in mutual respect and close collaboration that was further facilitated by France’s reintegration into NATO’s integrated military structures in 2009 (Rieker, 2013) and French willingness to take a leading role in Libya in 2011.

With the election of Trump, the US interest in Africa changed again, this time more fundamentally. The very idea of becoming engaged in countries that were not seen as a direct threat to US security was now questioned. Thus, the launch of the Trump administration’s African Strategy in December 2018 signaled a change away from fighting terrorism towards countering Chinese and Russian influence on the continent (Wyatt, 2019). The Pentagon also stated that, by the end of 2020, it planned to reduce the number of US troops in Africa by 10% (Olsen, 2019). This was particularly concerning for France, as its engagement in the Sahel region had become largely dependent on US support. While the US contingent deployed in the French-led Barkhane operation (mostly in Niger) consisted of less than 1,000 men, the French operation had been dependent on the US for the following three core capabilities: (a) intelligence, surveillance, and reconnaissance; (b) air-to-air refueling; and (c) strategic lift—capabilities that neither France nor the other European countries adequately possess. Such cooperation, whereby the US provides financial and military assistance and France provides human intelligence, local knowledge, and “boots on the ground,” had functioned well, being perceived as a win-win for both parties (Olsen, 2018).

According to French Air Force Brigadier General Cyril Carcy, who until August 2020 was based in N’Djamena as deputy commander of the Barkhane operation, the US went on to reduce its assistance in the Sahel by roughly half. In May 2020, he argued that while some of this had been replaced by assistance from other European allies, it had been necessary to change tactics. In his view, although the US contribution is limited—costing around

\$60 million—it is nevertheless a key factor in French operations (as cited in Delaporte, 2020).

Beyond direct assistance to the French-led operation, Washington also has a 4,000-strong military base in Djibouti—historically, a French strategic military haven. Furthermore, since its inception in 2008, AFRICOM has operated in almost every African country, making the US’ presence on the continent increasingly visible. While Trump and his Secretary of Defense Mark Esper pushed for cuts to US forces on the African continent (AFRICOM forces), Biden removed this prospect from the agenda when he took over. Following the meeting of US Secretary of Defense Lloyd J. Austin III and French Minister of the Armed Forces Florence Parly at the Pentagon on July 9, 2021, it was announced that the two countries would be enhancing the cooperation between their special operations forces after the signing of a new roadmap with a particular focus on Africa (“US, France boosting special ops,” 2021).

Despite this reconfirmed engagement from the American side since Biden took office, the American withdrawal from Afghanistan and the announcement of the AUKUS have led to a certain degree of uncertainty regarding the long-term motives of US engagement alongside Europeans and in areas that may be of more direct importance to them. To reassure the French, the US announced a stronger, rather than weaker, commitment to the Sahel in the wake of AUKUS (Ricard & Smolar, 2021). Together with the increased US commitment to European security after the Russian invasion of Ukraine, this must be understood as a way of emphasizing the continued importance of the transatlantic security community.

The election of Biden was not the only reason why the cuts undertaken by the US to their presence in Africa have been less dramatic than announced by the Trump administration. There was also a certain opposition to such a reduction in Congress. However, the main reason underlying this position is not concern over the continued threat of terrorism but rather an apprehension over increased great power competition in Africa from China, which opened its first African military base in Djibouti in 2017. Thus, rather than shrinking, the US military’s footprint in Africa has continued to grow (Campbell, 2020). However, the rationale for engagement has changed: while previously it was motivated by counter-terrorism, it is now driven by a need to balance China’s increased engagement in the region. Such a change is unsurprising and in line with more fundamental changes in wider US foreign policy priorities. But it means that the continued US engagement in Africa is not necessarily for the same reasons as the French or the Europeans. This indicates that this cooperation might be less a result of a community of common interests.

As we have shown, transatlantic military cooperation in Africa mostly revolves around Franco-US cooperation. This does not mean that the rest of Europe is unconcerned with Africa—in fact, Africa is of key importance to many European countries, as well as for the EU. While

this has always been true to a degree, it has become increasingly significant considering the threat posed by international terrorism, and even more so following the migration crisis of 2015. France has assumed a key role (leader) with most EU members as followers in the fight against international terrorism, and the EU remains—through its continued focus on development, civil protection, and humanitarian aid—a key actor (leader) in combatting the root causes of both terrorism and migration.

4. Making Sense of the Differentiated European Engagement in Africa

4.1. The EU Institutions Engaged in Long Term Stability Promotion

The EU's activities in Africa have been, and remain, largely concentrated around various forms of development and humanitarian aid. Given that the EU is the world's largest donor, this inevitably means that it plays a crucial role on the continent. Interestingly, while the African people generally have little knowledge about the EU or what it is doing, its European Civil Protection and Humanitarian Aid Operations (ECHO) agency is well known (Bøås & Rieker, 2019). Still, there is no deep transatlantic cooperation in this area.

Since the turn of the millennium, and because of the 9/11 attacks, several initiatives were undertaken by the EU to move beyond purely development cooperation and aid, opening Africa–EU relations to issues of joint political concern, including counter-terrorism. In the initial years following 9/11, however, the EU's focus on counter-terrorism led to a period of inward-looking capacity building. However, when the “foreign fighter syndrome” came to the fore, this became a key issue in the EU's foreign and security policymaking, and the borders between internal and external counter-terrorism became less clear. Thus, during the second half of 2014, this issue dominated the agendas of both the Foreign Affairs Council and the Justice and Home Affairs Council. Having adopted a “counter-terrorism strategy for Syria and Iraq with particular focus on foreign fighters” (Council of the EU, 2015a), the Council of the EU decided to step up external action to counter-terrorism, in particular in the Mediterranean, the Middle East and North Africa (MENA) region, and the Sahel (Council of the EU, 2015b). Even though a gradual securitization of the EU–African relationship can be observed over the past 20 years, there are few signs of a transatlantic dimension to this work.

The Africa–EU strategy adopted in 2007 aimed to take the relationship between the two parties to a new strategic level, with strengthened political partnership and enhanced cooperation at all levels, including counter-terrorism (Council of the EU, 2007). Despite a sincere willingness to improve the relationship on both sides, the impact of the global financial crisis in 2007–2008 prompted the EU to shift its focus back toward internal challenges. It was not until the aftermath

of the (failed) Arab Spring in 2011 that Africa once again made its way to the top of the EU's agenda. The war in Libya and the fall of the Gaddafi regime also led to increased instability across the whole of the Sahel region. With the strengthening of jihadi groups that could potentially threaten Europe, the need for greater engagement in counter-terrorism on the African continent became pressing. As the EU tends not to react quickly to such crises, it was France that acted on Europe's behalf—first, by taking the lead in the NATO military operation in Libya and then, a few years later, by sending troops to Mali to assist the Malian government in its fight against jihadist groups through the Serval operation. This crisis response operation was replaced by the Barkhane operation in 2014, which has been a more long-term engagement.

France has been eager to get other European states more engaged from the start. While this did take some time, the EU has become involved through the CSDP European Training Mission (EUTM) in Mali, as well as two civilian capacity missions (EUCAP Sahel) in Mali and Niger. Beyond this, the EU supports the G5 Sahel, an institutional framework for coordinating regional cooperation in development policies and security matters in the region. Funding covers necessary infrastructure and equipment, integrating a police component, and providing a framework for compliance with human rights. In April 2015, the European Commission highlighted that EU action against terrorism should address the root causes of extremism through preventive measures (European Commission, 2015). Building on this, the 2016 Global Strategy highlights the EU's commitment to broadening partnerships and deepening dialogue with a multitude of actors, reiterating the EU's aim of strengthening internal–external security links and addressing the security–development nexus (EEAS, 2016).

In addition to combatting the terrorist threat in the Sahel region, which could threaten Europe should Mali turn into a jihadist-led “Malistan,” the issue of migration has become another—if not the key—concern shaping EU–African relations since 2015. A series of missions to assist various African countries with border controls and other security measures have been deployed. The EU has also continued its focus on more long-term, preventive measures. For instance, at the 2017 summit between the EU and the African Union, an agreement was made to invest in African youth, prompted by the fact that 60% of the African population is under the age of 25. Both parties also (finally) condemned the inhuman treatment of migrants and refugees in Libya, adopting a joint statement on the issue. The European Commission and the High Representative of the Union for Foreign Affairs and Security Policy (HR/VP) issued a joint communication to the European Parliament and the European Council that proposed enhanced cooperation in the green transition and energy access, digital transformation, sustainable growth and jobs, peace and governance, and migration and mobility (European Commission & High Representative, 2020). Thus, despite

a tendency towards securitization, the dominant part of EU engagement remains linked to its development and humanitarian aid programs.

In Mali, the EU's engagement is coordinated by the EEAS delegation in Bamako. However, there is also a division of labor whereby France takes the lead on military engagement, supported by the EU (CSDP missions) and the US, and the EU leads on the more long-term policies. However, due to the challenging situation on the ground, a security perspective has also been increasingly applied to long-term programs. The 2015 Valetta EU Migration Summit established the Emergency Trust Fund for Africa (EUTF), which is managed by the European Commission and aims to address the root causes of migration.

It has been argued that the basis of the EU's strategy towards Africa in general, and the Sahel region in particular, has changed from being a "security–development nexus" to a "security–migration–development nexus," indicating a move towards a foreign and security policy driven by the interests of European member states rather than a contextualized analysis of the needs of the African countries in question (Molenaar & El Kamouni-Janssen, 2017). This has been the case regarding the EU's relations in the Sahel region ever since the Sahel strategy was adopted in 2011 and various CSDP missions were deployed between 2012 and 2014 (EUCAP Sahel Niger, EUTM Mali, EUCAP Sahel Mali), but it has increasingly become the dominant narrative in the EU's relations with Africa in general. In short, it has made the EU's foreign policy more instrumental and security-driven (Cold-Ravnkilde & Nissen, 2020, p. 940).

Despite this challenging context, the overall EU–US cooperation in Africa has not increased. Sifting through the speeches given by EU officials on transatlantic relations over the past two years, we find that Africa is absent from the agenda. In a speech on transatlantic relations given by Federica Mogherini (then HR/VP and vice president of the European Commission) in the plenary session of the European Parliament in September 2018, Africa is not even mentioned (Mogherini, 2018a). The same goes for speeches given by EU officials during visits to the US. For instance, in the remarks of Julian King (the then British European Commissioner) at the Wilson Center in 2019 regarding the EU's response to asymmetric threats, Africa does not feature on the agenda at all (Wilson Center, 2019). Meanwhile, in the 2018 speech Mogherini gave at Harvard Kennedy School, Africa is mentioned just once, in the context of a region where the EU is heavily engaged rather than as an area of transatlantic cooperation (Mogherini, 2018b). Similarly, current HR/VP Josep Borrell's speeches emphasize Africa's importance to the EU without mentioning any kind of transatlantic cooperation (Borrell, 2020). A joint declaration followed the EU–US summit in June 2021 and noted the need to strengthen EU–US cooperation in Africa briefly, but in very general terms (European Council, 2021).

While there is little concrete EU–US cooperation on Africa, Franco-US cooperation remains crucial (Olsen,

2019). The question is whether this can be considered as something more than bilateral cooperation—that is, as part of a broader transatlantic cooperation. This may be the case if the EU has directly or indirectly "delegated" leadership/authority to France (through NATO or ad hoc coalitions) regarding taking primary responsibility for the European military crisis response in Africa, including France's interventions in Libya and Mali. This is what we refer to here as differentiated integration in the field of external security (Rieker, 2021a). The following section considers whether the French engagement in Africa can be regarded as such.

5. The French Military Actions Understood in a European Context

While Africa is crucial to Europe generally, the continent is particularly important to France. This is related to France's colonial past and a perception of having particular responsibility to contribute to the African continent's positive development. Though France still has some national economic interests in Africa (for example, the state-owned energy company, Orano, sources a large proportion of its uranium from Niger, and Total has oil fields in Mali), these are far less important today and are no longer the key motivation for French engagement (Rieker, 2017, 2021b). If France's current engagement can be linked to national interests, it mainly relates to national security concerns. From 2012 onwards, terrorism in France was increasingly linked to the rise of Daesh internationally. Thus, since 2013, a key concern has been preventing jihadists from taking over Mali, thereby turning it into a potential haven for terrorists. Given that this represents a threat to Western nations more generally, France has endeavored to Europeanize its engagement and seek support from the US. French political leaders have a long history of trying to convince other EU member states of the importance of stability in Africa, which explains why French political leaders have been pushing the importance of the southern dimension of the European Neighbourhood Policy. The French 2013 White Paper on defense and national security explicitly emphasizes that political instability in the Sahel region should not only be seen as a threat to France but as a threat to Europe at large (Ministère des Armées, 2013, p. 54).

This message has been easier to convey in the wake of the migration crisis in 2015 and the resultant change in threat perception across Europe. While instability in the Sahel region may not be on the top of the EU's priorities in EU–US relations, it is a priority in its external relations more generally, as evidenced by the ongoing process towards a comprehensive strategy with Africa (European Commission & High Representative, 2020). France continues to take a leading role in this initiative, with President Macron working hard to convince other EU member states of the need for a new partnership with Africa, arguing in 2020 that "if Europe is to succeed, Africa must succeed" (Macron, 2020). While some

European states have until recently remained reluctant to send troops to the Sahel region, they have gradually become more committed to doing so. Ultimately, French engagement in the Sahel is perceived as being done on behalf of Europe as a whole—at least until the EU becomes capable and willing to take charge of such military operations. With the French decision to withdraw all its troops involved in Barkhane, due to increased tension between France and the Military Junta in power since it seized power in August 2020, this is now becoming increasingly urgent.

Over time, the French troops have become increasingly unpopular with the local population (Cold-Ravnkilde & Nissen, 2020). Speaking after the NATO summit in London in December 2019, Macron asked: “Do they want us to be there? Do they need us?” To get an answer, he called a summit in early January 2020 in the small town of Pau in France. While the president of Burkina Faso, Roch Marc Kaboré, criticized Macron’s provocative question, he later joined the presidents of Niger, Mali, Mauritania, and Chad in releasing a joint statement confirming they all wanted France to stay. More generally, though the leaders of these countries may have been critical of the French engagement, their comments generally related to the character and size of the French presence rather than the presence itself. Most countries want increased military engagement to fight jihadism rather than a decrease (Le Cam, 2021). This is also why France’s July 2021 announcement that it intended to reduce its military presence was not well-received. Despite having been planned for some time, it provoked a negative reaction from the Malian head of state, who accused France of abandoning Mali at a critical time (“Le Mali reproche à la France,” 2021). However, as the French president and government emphasized, this should not be seen as France leaving but as part of the French ambition to speed up the Europeanization of the engagement beyond the deployment of CSDP missions.

A first step in this direction was taken by Macron at the beginning of his presidency when, together with German chancellor Angela Merkel at a G5 meeting in Nouakchott in Mauritania in July 2017, he called for a “Sahel alliance.” The goal of this alliance was for France and Germany, alongside other international partners, to play a more effective role in improving stability in the Sahel through addressing development concerns, together with security and governance work. The alliance was established by France, Germany, the EU, the African Development Bank, the United Nations Development Programme, and the World Bank, and has since expanded its membership to include Italy, Spain, the UK, Luxembourg, the Netherlands, and Denmark (Lebovich, 2020). Though France had already attempted a comprehensive approach along these lines, the idea behind the alliance was to make it more of an international, or at least a better coordinated, European effort.

More recently, however, the focus has been on increasing the importance of the European dimension

of military engagement in the region, thereby facilitating a potential reduction in the French presence (“France said to plan cuts,” 2020). The Takuba task force, initiated on March 26, 2020, by the governments of Belgium, Czech Republic, Denmark, Estonia, France, Germany, Mali, Niger, the Netherlands, Norway, Portugal, Sweden, and the UK, must therefore be understood in such a perspective. The task force was initially integrated into the command of the French Barkhane operation. It is tasked with advising, assisting, and accompanying the Malian armed forces in coordination with G5 Sahel partners and other international actors on the ground, including the UN mission MINUSMA, as well as the EU missions EUTM Mali, EUCAP Sahel Mali, and EUCAP Sahel Niger. So far, contributions have been pledged by Belgium, Czechia, Denmark, Estonia, France, Greece, the Netherlands, Portugal, Romania, and Sweden. In many ways, this task force represents a success for France, which has long sought European partners in its fight against Islamist militants in the Sahel region to share the costs of such an engagement. However, the Malian authorities saw the French announced a reduction in forces as a betrayal and led them to reach out to the Wagner group (with close ties to Russian authorities). Concerns have been raised by France and the EU with regards to this engagement, as the Wagner Group has caused controversy through its involvement in Syria, Libya, the Central African Republic, and the conflict in Eastern Ukraine. However, how it will impact the European engagement in Mali is still to be seen.

5.1. European Engagement in Africa as an Example of Differentiated Integration

In terms of foreign security and defense policy, the EU is clearly a hybrid. Still, rather than talking about the EU as a unified or fragmented actor in this field, it makes more sense to refer to it as *a differentiated actor* with policy implementation taking place at various levels of government: at the level of the European Commission, the EEAS, as well as by certain member states. However, the key question is this: Can these various actors and their different approaches be viewed as a whole—that is, as a common European engagement working towards shared long-term goals based on a joint world view and values?

Clearly, this is not always the case. Sometimes member states have different positions, making it difficult to reach a common position/decision. There are also times when a lack of willingness to commit resources limits the decisions that can be made. In such cases, it may be easier to outsource the required action to a member state with the resources and political will to intervene. The unanimous support given by the EU and its member states both for France’s intervention in Mali in 2013 and its continued—although reduced—engagement may be seen in such a context and offers a concrete example of the move towards a more differentiated European approach to Africa.

For France, increased security and defense integration through differentiation is also increasingly seen as the most efficient way of building up a strong and independent European defense capacity. The current French political leadership has stressed the need for greater European strategic sovereignty given the rapidly changing geopolitical context and transatlantic alliance (Macron, 2020). However, building a European defense capacity capable of tackling future crises and conflicts takes time. Given that France alone cannot handle all the potential crises that may arise, a process of differentiated integration in this area seems to have become the country's preferred strategy. As Clément Beaune, the French minister for European affairs, states in a recent key article in *Politique Etrangère* (Beaune, 2020, p. 14), this approach builds on three core aspects: independence, power, and identity. Accordingly, Europe must develop its capacity to act independently, with such capacity constructed on an existing European identity that, despite its diversity, reflects a greater cultural unity within Europe than exists between certain European countries and China, Russia, and even with the US (Beaune, 2020, p. 16). According to Beaune, this more unified European role can only be achieved through differentiated European integration, or what he calls "a unique framework, differentiated formats" (p. 23, translation by the author). In the area of defense, the European Intervention Initiative is viewed as being just as important as internal EU processes for building "a European defence and security" (Beaune, 2020, pp. 23–24, translation by the author) and a way of sharing the costs of a potential common intervention under French leadership. Interestingly, this approach is now confirmed in the newly adopted Strategic Compass, which emphasizes that the need to be better at acting rapidly and robustly whenever a crisis erupts requires increased flexibility, including close cooperation with European-led ad hoc missions and operations (Council of the EU, 2022, p. 3).

6. Concluding Remarks

This article shows that transatlantic security cooperation in Africa is essentially about French-American cooperation. NATO is absent, and while the EU is heavily engaged, there is little cooperation between the EU and the US in this region. However, the French security engagement in the Sahel must be understood as something more than simply a French national endeavor. Rather it must be interpreted as a European military engagement under French leadership. As explained in this article, such a perspective is possible if we understand the ongoing European defense integration as a form of differentiated or flexible integration where different actors take on different roles (in this case, France as a leader and the rest of the EU as followers). Following on from this, the French-American security cooperation in Africa must then be understood as an expression of transatlantic (or EU–US) security relations.

By applying such a perspective, do we then see a weakening or a strengthening of the transatlantic security cooperation in Africa? As argued in the introduction to this article, most theories in international relations anticipate a more insecure geopolitical context will lead to a strengthening, rather than a weakening, of transatlantic relations. However, this assumption will depend on the prevalence of some form of transatlantic community. So far, structural changes have led to a somewhat weaker transatlantic community of security interests, with the US more oriented towards China and Europe towards its borders (Russia in the east and Africa in the south). Despite this development, we see that the US (under Biden) continues to be engaged in the Sahel and supports Europe against increased Russian aggression. While a continued engagement in the Sahel could simply be a result of the US interest in keeping a certain level of control over an increased Chinese engagement in the region, the American willingness to continue to support the French and the European engagement in both the Sahel and on the Eastern flank must be based on different reasoning. It must be explained by the existence of something other than common security interests and rather by the continued existence of some form of institutionalized cooperation dynamic, a common set of values, and a common set of practices. Whether this will endure under a different US administration, however, is another question, and remains to be seen.

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Conflict of Interests

The author declares no conflict of interest.

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Article

“America is Back” or “America First” and the Transatlantic Relationship

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Abstract

The presidency of Donald Trump represented an unprecedented low point in transatlantic relations. When Joe Biden took power in early 2021, his administration launched several policy initiatives suggesting that the new administration would continue to allow the seemingly long-term weakening of the transatlantic relationship to continue. A significant part of the literature on recent developments in transatlantic relations points in the same direction, namely that a weakening of the cooperation across the Atlantic has taken place. This article proposes an alternative view, arguing that the relationship has strengthened in recent years despite Donald Trump and his erratic policy. The article applies a theoretical framework combining international as well as domestic variables. Based on an analysis of four cases—NATO, the US pivot to Asia, the sanctions policy towards Russia, and the Afghanistan debacle—it is concluded that the transatlantic relationship is strong.

Keywords

Afghanistan; China; decision-makers; NATO; perceptions; Russia; Ukraine

Issue

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1. Introduction

The presidency of Donald Trump (2017–2021) was an unprecedented low point in transatlantic relations because “for the first time in 70 years, the American people have elected a president who disparages the policies, ideas and institutions at the heart of postwar US foreign policy” (Mead, 2017, p. 2). When Joe Biden took office in January 2021, his administration appeared to represent the opposite of Donald Trump as far as cooperation with “like-minded” allies in Europe was concerned. When he was vice president, Joe Biden emphasized that “Europe is the cornerstone of our engagement with the world” and “our catalyst for global cooperation” (Hamilton, 2020). During his first tour to Europe as president in June 2021, Joe Biden participated in the G7 meeting, the NATO summit, and an EU–US meeting, sending the clear signal that “America is back.” The meetings emphasized that Biden’s America was committed to international cooperation, to its allies, and to the defense of democracy and human rights (Chatham House, 2021).

On the other hand, the Biden administration’s decision uncritically to pursue the policy of Donald Trump on Afghanistan and on China, including the Taiwan and South China Sea issues, contributed to questions as to whether the US under Joe Biden’s leadership was really back, meaning committed to upholding the traditional bonds to its Atlantic partners. Shortly after the unilateral decision to withdraw from Afghanistan, the US upset not only France but also several European political leaders by signing an agreement with Australia to sell them nuclear-powered submarines (Lau et al., 2021). The agreement meant that a French–Australian contract regarding the sale of diesel-powered submarines to the Australian navy was scrapped. On top of these actions that sidelined the European partners, the US signed a defense agreement with Australia and the former EU member, the UK (Heisbourg, 2021, pp. 51–53; Tharoor, 2021a). Likewise, the EU was sidelined during the severe crisis on the border between Russia and Ukraine, where Russia in 2021 had amassed more than 100,000 troops and where Washington negotiated

unilaterally with Moscow to find a solution to the crisis (Crowley & Troianovski, 2022; Rankin, 2022).

Donald Trump justified his foreign policy decisions by referring to “America First.” Joe Biden referred to America’s “national interests” and maintained that his administration pursued a “foreign policy for the middle class” (Graham, 2021; Zakaria, 2021). In brief, developments during Trump’s presidency and the first year of Biden’s presidency seem to confirm the view in the literature that the cooperation across the Atlantic had been weakening for a number of years and continues to do so (Riddervold & Newsome, 2018, 2022). Mark Schwartz and Michael Smith maintain that this weakening occurred due to structural factors (Schwartz, 2022; Smith, 2022). Bjørn Olav Knutsen observes the same development within the field of defense and security, pointing towards a weakening of the relationship between the US and Europe (Knutsen, 2022).

Nevertheless, this article argues that there is no unambiguous weakening of the transatlantic cooperation on security despite many circumstances that seem to point in that direction. There may be confusion about the traditional American global leadership, but the lack of a clear direction of American foreign policy does not amount to a weakening of the transatlantic alliance. This position is also argued by Pernille Rieker when she focuses on Africa in transatlantic relations (Rieker, 2022). Second, the article argues that American decisions on the transatlantic relationship reflect the perceptions of the incumbent “foreign policy executive” in Washington but that these perceptions cannot be understood detached from public opinion and from the deep political disagreements that characterize the American society. The argument does not imply that public opinion determines foreign policy. The argument only implies that public opinion and the polarization of the American society may limit the foreign policy executive’s room for maneuver.

The remaining parts of the article are structured as follows. First, the theoretical framework is presented, followed by an analysis of four selected policy areas. The policy fields were selected based on the assumption that they are essential to assess whether the consequences of recent US policy initiatives have caused a weakening or a strengthening of the transatlantic relationship. First, a closer look is taken at the debates and policy changes of the core transatlantic institution, NATO. Second, the consequences of the “US pivot to Asia” are analyzed. Third, the consequences for the alliance of the increasingly assertive Russian policies are addressed. Fourth, a close look is taken at the consequences of the unilateral American withdrawal from Afghanistan in August 2021.

2. The Theoretical Framework

The two arguments of this article address classical foreign policy issues with a focus on security and defense.

The article is inspired by the general reasoning found in neo-classical realism as this framework refers both to the changing international structures and to the domestic environment of the core foreign policy decision-makers (cf. Ripsman et al., 2016; Rose, 1998). It is crucial in the neo-classical realist understanding that the international systemic conditions are filtered and interpreted via a limited number of domestic intervening variables and then turned into foreign policy decisions (Ripsman et al., 2016, pp. 58–79; Rose, 1998, pp. 157–160). As far as the understanding of the international systemic conditions for US foreign policy is concerned, the article leans towards a structural realist position whilst being in line with social constructivism in its emphasis on the importance of perceptions of core foreign policy decision-makers.

There is disagreement about the position of the US in the international system. On the one hand, there is the argument that the US is no longer capable of playing the role of the international hegemon (Ikenberry, 2018; Smith, 2018). Therefore, American foreign policy initiatives are unfocused, incoherent, and do not adequately address its challenges. On the other hand, there is the argument that the US is still a prominent and extremely powerful international actor capable of influencing international developments and changes. The US may be less influential compared to the “golden years” of its hegemony that ended around 2004/2005 (Mearsheimer, 2019, pp. 32,28–30). After the golden years, the liberal international order under the hegemony of the US has been going “downhill,” meaning America has become less influential (Mearsheimer, 2019, pp. 28–33).

As to the most important international systemic variables, this article assumes that they remained the same during the Trump and Biden years. Undoubtedly, China was the most obvious example among the group of countries that contributed to upsetting global power relations (Jones, 2020; Zhao, 2019). Russia and its policies towards the Crimea, Eastern Ukraine, and Syria likewise represented significant systemic variables. Increasingly, Russia’s soft power politics using fake news directed towards Europe and the EU added to the recent years’ flux in the existing international order (Götz & Merlen, 2019; Keating & Kaczmarek, 2019). Finally, the threat from radical terrorist groups was a component in the international systemic conditions setting the framework for pursuing American foreign policy in the current century. To illustrate the point, the international focus on Afghanistan, Iraq, Syria, Iran, and West Africa and the deployment of troops in some of these countries could be mentioned.

When it comes to the domestic factors, neo-classical realism operates with several intervening variables. One refers to the perceptions of core members of the “foreign policy executive,” which is assumed to be relevant because beliefs, perceptions, and misunderstandings of the foreign policy executive can lead to decisions that may also be implemented. “The foreign policy executive” refers to the head of government and the foreign

minister. Often, the concept is expanded depending on the concrete issue area to include ministers of defense, trade, development, economy, and finance and their top civil servants (Hill, 2016, pp. 62–64; Ripsman et al., 2016, p. 61). Christopher Hill argues that perceptions may lead to foreign policy decisions that, if rational, might also be incoherent or inconsistent (Hill, 2016, pp. 12–17).

The second intervening variable applied here refers to “state–society relations” that comprises phenomena like public opinion and, closely related to this, the “polarization” of American politics that seems to extend into foreign policy (cf. Meijer & Brooks, 2021, p. 8). Rachel Myrick argues that many factors sustain the polarization of American politics: the ideological sorting of the parties, growing economic inequality, a fragmented media environment, and not least the general decline of bipartisan norms in Washington (Myrick, 2021; see also Carothers, 2019; Lindsay, 2018). There are profound differences between Democrats and Republicans on which foreign policy issues matter most. In 2020, Republicans prioritized the development of China as a world power and international terrorism as critical threats, whereas Democrats considered Covid-19 and climate change the most critical threats (Smeltz et al., 2020, pp. 2, 5). Also, the two major parties are sharply divided on how the US should deal with international issues and engage with the rest of the world (Smeltz et al., 2020, pp. 4–8).

Summing up, this article applies an analytical framework inspired by neo-classical realism’s dual approach to studying foreign policy and foreign policymaking. On the one hand, the article assumes that the international systemic structures constrain as well as provide opportunities for foreign policy executives. It is a core assumption for the article that the US is still a dominant and influential international actor and, thereby, the article places itself close to the position of John Mearsheimer. On the other hand, there are domestic constraints on and opportunities for foreign policy decision-makers. Here, it is assumed that the deep polarization of the American society and the American political system is a crucial constraint on conducting foreign policy. The four years of Donald Trump’s “America First” policy emphasized polarization (Howorth, 2021), making it difficult to reach any bipartisan agreement on major foreign policy initiatives. As a starting point, public opinion on foreign policy is not an important variable for policymaking on foreign policy issues in the US. In the case of the highly polarized American society, public opinion may, nevertheless, represent some restrictions on decision-makers.

In conclusion, the two arguments imply that the American foreign policy initiatives are the independent variable in the following analysis. The state and the development of the transatlantic relationship is the dependent variable, whereas the reactions and initiatives of the EU/Europe are considered intervening variables. The analyses are built on academic studies and recent journalistic sources published by recognized international media.

3. NATO and Tensions in Transatlantic Security Cooperation

This section aims to identify the consequences for the transatlantic alliance that stemmed from the US’ longstanding criticism of the European NATO members for not spending a minimum of 2% of their GDP on defense (Kaufman, 2017, pp. 261–262, 264; Olsen, 2020, pp. 62–65). The American pressure on Europe to spend more on defense was not new and was far from only related to the Trump administration and Trump’s argument that NATO was “obsolete” (Benitez, 2019, pp. 183, 188–190). Nevertheless, the fierce criticism from Donald Trump and his repeated statements about leaving NATO was considered a particularly serious challenge to the transatlantic cooperation on security (cf. Brands, 2017, pp. 16–18; see also Olsen, 2020).

Despite constant public attacks, the actual policy initiatives of the Trump administration did not radically change the American commitment to the transatlantic security alliance. US military services continued to prepare to fight a major conflict on the European continent and in the Atlantic. In late 2018, US forces led the exercise “Trident Juncture,” which took place in and around Norway, involving more than 50,000 allied troops. It was described as NATO’s largest military exercise since the end of the Cold War and was focused on the defense of Northern Europe and the Baltic Sea (Schreer, 2019, p. 13). In September 2018, the US military decided to increase its presence with an additional 1,500 troops in Europe by 2020. The US also deployed new field artillery headquarters, a short-range missile defense battalion, two multi-launch rocket systems, and other supplies (Schreer, 2019, p. 13).

President Trump’s negative statements about NATO led the US Congress to react. During 2018 and 2019, both the House of Representatives and the Senate adopted motions in support of NATO, thereby sending the president a signal that he should not think of withdrawing from the alliance. The motions reflected a broad consensus on Capitol Hill about Trump’s ambivalence about the defense alliance and his commitment to it (Barret, 2018; Gould, 2019). Public opinion surveys indicated that Congress was in line with the American public as 75% indicated they were in favor of the US commitment to NATO. When asked directly in 2017 whether the North Atlantic defense alliance was “essential to US security,” 65% agreed that NATO was essential; by 2020, figures had risen to 73% (Smeltz et al., 2017, pp. 4, 13; Smeltz et al., 2020, p. 3).

The many years of American criticism of the level of defense spending paid off as all European NATO members increased their defense budgets. For instance, Germany increased its defense budget from 1.2% of GDP in 2014 to 1.53% in 2021. In comparison, France increased its defense expenditure from 1.8% of its GDP in 2014 to 2.1% in 2021 (NATO, 2021a). By 2019, i.e., before Joe Biden had been elected president of the US,

combined European defense expenditure was at its highest level for a decade, measured in absolute figures and as a percentage of GDP (Ringsmose & Webber, 2020, p. 303). The slow but increasing defense spending in the European NATO member states confirms the strength of the transatlantic alliance, despite the turbulent years of Donald Trump.

When Joe Biden became president on January 20, 2021, his starting point was favorable for addressing one of his core priorities, which was to strengthen the transatlantic alliance (Smeltz et al., 2019). The backing for Biden and his foreign policy was not unequivocal, with support coming from two quite different constituencies that were not in agreement about what issues to prioritize. One group, the so-called “old-guard Atlanticists,” considered transatlantic cooperation the most important tool in the confrontation with Russia; the second, the so-called “liberal hegemonists” considered Russia a minor challenge. This group argued strongly in favor of the position that US interests overwhelmingly lay in the Asia-Pacific and particularly in confronting China (Howorth, 2021).

The Biden administration launched several initiatives to allay European doubts about the American commitment to European security and address the uncertainty about the reliability of the US as an ally. The new administration reversed Trump’s decision to reduce the number of US forces in Europe and, instead, it provided a modest boost to the American military presence. It launched the US–EU security and defense dialogue, and the Biden administration stepped up its diplomatic engagement with European capitals. The EU and the US also made tangible progress on improving bilateral security and defense cooperation (Stokes & Tausendfreund, 2022, pp. 18–22). At the EU–US summit in June 2021, the two sides expressed support for further strengthening the “mutually reinforcing key strategic partnership” between the EU and NATO (Adebahr et al., 2022). They agreed to establish a dedicated EU–US security and defense dialogue where the main point was to address the challenges of US participation in EU defense initiatives. According to Erik Brattberg, the initiative reflected “the Biden administration’s determined efforts to move beyond Trump’s unhelpful criticisms of coordinated EU defense schemes” (Adebahr et al., 2022).

The Russian attack on Ukraine on February 24, 2022, proved the strength of the transatlantic alliance by the resolute and common reactions by all the European governments and the US government. Most remarkably in this context was the announcement by the German chancellor Olaf Scholz to raise the German defense budget to the 2% NATO target. In his speech, the chancellor declared that he would immediately grant 100 billion Euros to the armed forces, signaling the start of Germany’s totally new defense policy (Sheahan & Marsh, 2022). Together with the German declaration, several European NATO members also announced their intention to increase the defense budgets. Most remarkably,

for the first time in its history, the EU announced a grant of 500 million Euros for the purchase of armament and defense equipment for Ukraine, a country involved in a bloody war (Baume & Barigazzi, 2022).

Moving beyond the narrow transatlantic cooperation on security, the Biden administration also made several additional contributions to the transatlantic relationship during its first year in power. The longstanding Airbus–Boeing dispute over government aircraft subsidies was shelved. US tariffs on European steel and aluminum were lowered, averting a trade war. The US and Europe committed to a minimum global corporate tax rate, and some progress was made in addressing climate change. Brussels and Washington agreed to coordinate supply chains and technology policies. Perhaps most importantly for the transatlantic alliance, the two sides of the Atlantic shared the same perception of China as “a strategic competitor,” promoting transatlantic convergence in dealing with China (Stokes & Tausendfreund, 2022, pp. 5–21).

In sum, the American policy towards NATO strengthened the alliance by forcing all European partners to increase their defense budgets. It means that despite the unpredictable and erratic behavior of Donald Trump and in spite of the strong polarization of the American political system, the outcome of the American foreign policy decisions was not a weakening of transatlantic cooperation on security when it came to NATO (cf. Moller & Rynning, 2021). Furthermore, the policy initiatives of the Biden administration contributed to strengthening the transatlantic relationship both within the field of defense cooperation and within several other important policy areas. These developments were further strengthened by the common reactions from NATO member states in the wake of the Russian attack on Ukraine in February 2022.

4. The US “Pivot to Asia” and the Struggle Against China

This section aims to scrutinize if the American “pivot to Asia” and especially if the policy initiatives towards China weakened or strengthened the transatlantic alliance. The reorientation of American foreign policy towards Asia started in the mid-2000s under the George W. Bush administration as the conspicuous rise of China clearly had the potential for a re-emergence of great power competition (Silove, 2016, pp. 45, 46–48, 53–55). In 2011, President Barack Obama launched his strategy “the pivot to Asia” to signal that Asia and China were of increasing importance to the US.

When Donald Trump took over power in January 2017, his administration openly declared a new era of great power competition with China and implemented tough trade sanctions against Beijing. The US had both an economic and security approach to China, but under the Trump administration, Washington increasingly took a confrontational stance by engaging in a trade war with

Beijing (Jones, 2020; Liu, 2020; Zhao, 2019). The policy initiatives launched by the Trump administration appeared to have considerable popular backing in the US. When it came to public opinion, the share of Americans who saw China as the great enemy increased from 22% in 2020 to 45% in 2021. Similarly, 63% saw China's economic power as a "critical threat," up from 40% in 2018 (Gallup, 2021; Galston, 2021).

A Pew Report published in early 2021 documented that 67% of Americans had negative views of China, which increased from the 46% who held similar views in 2018. Almost half of the interviewees saw limiting China's power and influence as a top foreign policy priority for the US (Silver et al., 2020). The figures were in accordance with the results published by the Chicago Council of Global Affairs that found 55% of the American population viewed the rise of China as a critical threat to vital American interests (Smeltz et al., 2020). Thus, the Biden administration could expect substantial public support if it placed competition with China at the center of its foreign policy; however, it has also been pointed out that the majority of Americans are not prepared for a possible military conflict with China (Galston, 2021).

The Trump administration increasingly pressured its European partners to take a tough stand on China within the framework of NATO. Washington also became diplomatically more active in Europe by warning against increased Chinese investments, particularly in the technology sphere (Gramer, 2019). Joe Biden appeared to follow the course of his predecessor as the final communiqué issued at the NATO summit held in Brussels in June 2021 declared: "China's stated ambitions and assertive behavior present systemic challenges to the rules-based international order" (NATO, 2021b). *The Guardian* emphasized that the communiqué was signed by all members of the NATO alliance "at the urging of the new US administration" (Sabbagh & Borger, 2021).

In June 2020, the general secretary of NATO outlined a strategy for the organization towards 2030 where it was stressed that the Indo-Pacific was seen as "the center of the most fundamental geopolitical change since the end of WWII" (NATO, 2021c). The ambitions and perspectives of China's Belt and Road initiative linked "the EU-Atlantic security to the Indo-Pacific strategy raising the prospect of a global NATO" (Clegg, 2020, pp. 32, 34; cf. Mohan, 2020, pp. 174, 177). Even before the issue of the strategic reflections in the "NATO 2030" document, France, the UK, and Germany had expressed their concerns about the situation in the South China Sea, and they stated their support for the application of the principles of the United Nations Convention on the Law of the Sea (UNCLOS) in the South China Sea (Casarini, 2020, pp. 87–88). In late 2020, the three big European powers went one step further by jointly launching a so-called *Note Verbale* challenging the legality of China's claims in the region, including its claim to sovereignty to most of the South China Sea based on the nine-dash line (Mohan, 2020, pp. 181–183). The *Note Verbale* was far more

explicit in its criticism of China and its incorrect claims than any previous statements made by the European powers (Cotter, 2019, pp. 478–479).

Next to issuing critical statements, both France and the UK were active sailing naval vessels through the South and East China Seas while publicly announcing the missions aimed to preserve the principle of freedom of navigation (Cotter, 2019, pp. 481–483). The naval diplomacy of the European powers represented concrete steps to side with the US and its Asian allies in countering the growing Chinese military presence across the region (Casarini, 2020, p. 89). Along with the naval show of force, both the UK and France sought to strengthen bilateral cooperation on security and defense issues with Australia, Japan, India, and members of the Association of Southeast Asian Nations (ASEAN; Cotter, 2019, p. 482).

The rebalancing of the EU's Asia policy as well as the Asia policy of the big European powers can only be understood as the result of growing concern about China's power and assertiveness. "There is no other observable driver of change," Andrew Cotter concludes (Cotter, 2019, p. 484). Also, it was growing concern about China's rising power that in September 2021 made the Australian government break its agreement with France about the supply of submarines to the Australian navy and instead turn to the Americans for nuclear-powered submarines. The move by the Australian and American governments, for obvious reasons, upset France and some EU member states leading to harsh criticism of the American move (DeYoung, 2021).

Only a few days after the announcement of the nuclear submarine deal, Australia, the UK, and the US made it public that they had entered into a defense agreement, known as AUKUS. This security pact was announced without prior consultation with France or the EU. The new pact upset the EU camp, and the fact that Brexit-Britain had been invited to participate in the new defense arrangement was seen as provocative. Similar to the case with the nuclear submarine deal, the AUKUS was a bitter blow to France, the only EU member state with a permanent military presence in the Indo-Pacific (Lau et al., 2021). The AUKUS could be interpreted as another reminder of how Washington's interests diverged from the Europeans', with the EU being relegated to a secondary position in the Indo-Pacific (Heisbourg, 2021, pp. 51–53; Tharoor, 2021a). On the other hand, the unilateral American initiatives were a sign of the increasing American frustration with the EU's softer approach to China (Lau et al., 2021, p. 2).

The anger and the harsh criticism of the behavior of the US mainly came from France (Casarini, 2021; Lau et al., 2021, p. 3). The EU's representative for foreign affairs, Josep Borrell, was eager to make sure that the French reaction did not overshadow the EU's profound engagement in the region as it was demonstrated by the issue of the EU's "Indo-Pacific Strategy" in mid-September 2021 (Grare & Reuter, 2021).

The strategy did not turn the EU into a significant actor in the region, but it did signal that Europe had strong interests in the Indo-Pacific (Grare & Reuter, 2021).

The emerging convergence of EU and US positions on China and the Indo-Pacific was emphasized by the European Parliament's decision to freeze the EU–China “Comprehensive Agreement on Investment.” The decision reflected the growing disenchantment with China among EU lawmakers who were “determined to stand more firmly against China,” it was concluded by Nicola Casarini (Casarini, 2021). Moreover, public opinion surveys conducted in 10 European countries and the US indicated a strong popular foundation for transatlantic cooperation on China-related issues (Casarini, 2021). Despite the nuclear deal and the AUKUS agreement, Nicola Casarini established that transatlantic cooperation on China “has never been as good as it is now” (Casarini, 2021).

Summing up, during the Trump administration, Washington implemented tough measures against Chinese trade and investments as elements in the general reorientation of the US policy towards Asia. Trump was explicit in his demands for a stronger NATO involvement in Asia based on a perception that China was a “strategic challenge.” Identical perceptions and priorities were found in the Biden administration that, during its first year, continued the policies of the prior administration towards China and the Indo-Pacific. The two US administrations acted similarly to the signals that came from rising China, whereas the EU partners and European NATO partners struggled to find a common answer both to the American policy initiatives and China's rise. It seems safe to conclude that convergence of US and EU positions was emerging, and it suggests that the two partners reacted in identical ways to the systemic challenges of China.

5. The “West” Against Russia

This section scrutinizes how the American policy responses affected the transatlantic relationship in the wake of the Russian annexation of Crimea in 2014 and Moscow's continuing interference and destabilization of Ukraine. The Russian behavior was a serious blow to the liberal world order because the annexation of Crimea was such an obvious violation of state sovereignty and, thereby, of international law (cf. Götz & Merlen, 2019).

The US quickly confirmed its determination to counterbalance Russia in Eastern Europe, whereas the European governments were more hesitant. Nevertheless, shortly after the annexation of the Crimean Peninsula, the US and the EU agreed to adopt a series of visa bans and asset freezes on several dozen Russian and Ukrainian individuals and entities (Archick & Mix, 2015). The tough American policy measures against Russia had a popular sounding board in the US where 90%, in a survey in early 2015, a year after the annexation, indicated that they considered the military power

of Russia a “critical” or “important” threat to the US (Gallup, 2021).

Because Russia and many EU member states were far more economically interdependent due to significant trade volumes, several European states had to carry significantly bigger economic burdens than the Americans (Alcaro, 2019). Despite this, the joint US–EU sanctions remained in place for several years (Archick & Mix, 2015, pp. 439–440; Harrell et al., 2017, pp. 1–3), including during a severe crisis in the fall of 2021 that followed the deployment of more than 100,000 Russian troops on the border of Ukraine. The Ukrainian–Russian border crisis led to strong warnings from both the US and the EU about the imposition of very heavy sanctions in the event of a Russian invasion of Ukraine (Shagina, 2021). Before the 2021 crisis broke out, the transatlantic partners in 2019 jointly slapped new sanctions on several officials and businesses in response to the “continued Russian aggression in Ukraine” concretely based on the Russian seizure of Ukrainian vessels in the Kerch Strait (Jozwiak, 2019).

The Russian invasion of Ukraine in February 2022 resulted in additional and tougher sanctions against the aggressor. Most surprising was that the new German chancellor Olaf Scholz announced that Germany had put the final recognition of the Russian gas pipeline “Nord Stream 2” on hold (Oltermann, 2022). The EU and the US agreed to close down many of their commercial activities in Russia and Moscow; it was also decided that Russia should be excluded from large parts of the international financial system, including the SWIFT system. On top of the economic sanctions, Russia was hit by sanctions within sports and culture (Holland et al., 2022). “Nord Stream 2” was a serious issue of disagreement between the US and Germany during the Trump administration, which threatened to sanction private companies involved in the project (Mackinnon, 2020). The US criticized Germany and the EU for allowing themselves to become heavily dependent on Russian energy supplies, and even during the Obama administration, the US tried to stop the Russian pipeline project. The American opposition to the project was broadly bipartisan and not only an administration-run initiative (de Jong, 2020; Pifer, 2021).

The bipartisan critical approach to the Nord Stream 2 project seemed to align with American public opinion of Russia. In the wake of the 2014 annexation of the Crimea, the percentage of Americans who held unfavorable views of Russia increased from around 50% to 77% in 2021 (Gallup, 2021). It was consistent with the downward trend in American feelings towards Russia that in 2021 reached their lowest point since the final years of the cold war (Smeltz et al., 2021a). Nevertheless, in May 2021, after a few months in office, the Biden administration declared that it would waive sanctions on the companies involved in the Nord Stream 2 project. It was seen as a clear signal to Europe and particularly to Germany that Washington wanted to mend

the transatlantic ties. Easing the tensions with Russia found support from the majority of Americans (Smeltz et al., 2021b).

On the other hand, the Biden administration was highly active in finding a solution to the Russian–Ukrainian border crisis until the Russian invasion started on 24 February 2022. President Joe Biden had telephone conversations with Russian President Vladimir Putin. The American Secretary of State Anthony Blinken and the Russian foreign minister Sergey Lavrov met face to face on several occasions (Crowley & Troianovski, 2022; Rankin, 2022). The Europeans were basically reduced to being bystanders in the face of the growing crisis. The lack of unity among EU member states only confirmed the Russian perception that there was no need to engage with the Europeans (Shapiro, 2022). The perception was in line with the aims of the Russian foreign policy towards Europe, to split the European governments by using cyberwar and “conservative soft power” (Keating & Kaczmarek, 2019; Shapiro, 2022). However, the bottom-line for the transatlantic alliance was that the EU and the US went on to agree to impose severe sanctions and other reactions once Russia invaded Ukraine.

Summing up, the Russian annexation of Crimea in 2014 brought the EU and most European governments closer to the US after a period of European fears of American abandonment in the wake of the US pivot to Asia. It is possible to argue that transatlantic relations were strengthened because of the assertive Russian behavior and despite disagreements on the financial aspects of the tough sanctions on the Russian regime. The Russian invasion of Ukraine in 2022 led to new developments in transatlantic cooperation as far as Russia was concerned. The brief conclusion is that the transatlantic relationship was strong, and it was clearly strengthened by the Russian aggression. As in the case of China and the South China Sea, the US reacted to the international systemic stimuli, whereas the EU was sidelined. In brief, the transatlantic relationship was not weakened by the stronger American involvement in the confrontation with Russia. In some ways, it was back to the state of affairs of the cold war.

6. Afghanistan and Transatlantic Cooperation

This section aims to briefly discuss the consequences for the transatlantic alliance of the unilateral decision by the Trump administration to withdraw American troops from Afghanistan. The new Biden administration only postponed the implementation to withdraw the last American soldier until 31 August 2021. The US decision to pull out after 20 years of war in Afghanistan was taken without consultations with the European NATO allies. The American decision was “a blow to European prestige” as the mission was perceived as “NATO’s most legitimate mission, the one that was most central to our understanding of ourselves,” it was argued by Constanze Stelzenmüller of the Brookings

Institution (Tharoor, 2021b). Benjamin Haddad, director of the European Center at the Atlantic Council, stated: “The recent week is a real trauma in Berlin and London. It signals a shift in priorities for the US that runs deeper than the presidential personalities and rhetoric” (Tharoor, 2021b).

To many European decision-makers, the American behavior suggested that the difference was negligible between “America First” and a “foreign policy for the middle class.” It is important that around 70% of the Americans supported the withdrawal of US combat troops from Afghanistan. The figure reflected the attitudes immediately before the messy withdrawal from Kabul. The chaotic withdrawal did not change the American opinion figures to any significant degree (Edwards-Levy, 2021; Smeltz et al., 2021b).

The withdrawal came 20 years after the US launched its unilateral invasion of Afghanistan in October 2001. The European NATO members soon after deployed troops in the multilateral International Security Assistance Force (ISAF) mission invoking Article V in the NATO treaty (Olsen, 2020, p. 62; Sperling & Webber, 2011). ISAF was deployed to defend Afghan government institutions and to carry out institution-building or state-building. To a large extent, these goals were undermined by the unilateral American policy focusing on fighting al-Qaeda and terrorism (Carati, 2015, p. 215; Garey, 2020, pp. 214–220). The outcome was not just poor coordination but also a lack of communication. These challenges sometimes resulted in open conflict between the US-led mission and the ISAF because there was no agreement about what the goals of the Western engagement in Afghanistan were (Carati, 2015, pp. 203, 207; Sperling & Webber, 2011, p. 355).

Initially, the unilateral American decision to withdraw from Afghanistan seemed to weaken the transatlantic relationship simply because Washington did not pay respect to its European partners by consulting them before it implemented the Trump administration’s far-reaching decision. On the other hand, the Americans pursued their own agenda during the entire campaign in Afghanistan. After a short period, sentiments seemed to calm down in the European capitals, and the former relationship between the US and its European NATO partners was back on track (DeYoung, 2021). The Afghanistan situation nevertheless emphasized that American presidents make decisions based on their own perceptions as well as, to some degree, based on American public opinion (Graham, 2021; Zakaria, 2021). The Afghanistan case also illustrates that the international systemic stimuli were not highly important in this context unless the withdrawal was seen as a way of releasing US resources to counter China.

7. Conclusion

This article was inspired by the prevalent argument in the literature that the transatlantic relationship had

been under pressure for quite some time and that it could be described as weakening. The article proposes a counter-argument that there is no clear weakening of transatlantic cooperation if the focus is narrowed down to security. The article's overall conclusion is that it is not possible to show that the transatlantic relationship has weakened or is weakening. Rather, in some of the policy fields analyzed here, one can argue that the relationship between the US and Europe/the EU/NATO has strengthened.

Transatlantic cooperation on security has always been strong within NATO, and it is even possible to argue that it strengthened in recent years, including during the presidency of Donald Trump, due to the simple fact that all European NATO members increased their defense spending. By doing so, they sent a strong signal about their commitment to the security cooperation with the Americans. The first year of Joe Biden's presidency strengthened the relationship even more, as shown by this article. The Russian invasion of Ukraine in February 2022 made it clear that the transatlantic cooperation is surprisingly strong in the wake of this obvious breach of international law.

The rise of China and the assertive Chinese policies in Asia and the South China Sea brought the transatlantic partners closer to each other. They now agree to characterize China as a "strategic challenge." Within the framework of NATO, the partners signaled increasing willingness to cooperate on security issues related to the rise of China, though the European states still disagree on how to implement cooperation.

The pattern of transatlantic cooperation did not repeat itself in the case of Russia and its assertive foreign policies towards Ukraine. In the wake of the Russian annexation of Crimea in 2014, the transatlantic partners showed that they were able to maintain the tough sanctions despite strong disagreement among the European governments. However, when Russia deployed more than 100,000 troops on the border to Ukraine, the US basically returned to its traditional hegemonic position, at least within the Western alliance, by taking upon itself the responsibility to negotiate directly with the Russian authorities. The tangible, coordinated, and common reactions towards Russia following its invasion of Ukraine point to a strong bond between the transatlantic partners as of 2022.

In conclusion, the transatlantic relationship has not weakened; rather, to the contrary, it has strengthened in recent years, and in particular as a consequence of the Russian invasion of Ukraine. It was demonstrated that the US still plays a remarkably prominent role within the Western alliance. The US may be weakened globally and under increasing pressure from China, but the transatlantic alliance has not weakened. In the process, the EU member states clearly demonstrated that they were unable to agree on common foreign policy initiatives despite the international systemic changes that had pushed the US to react unilaterally. The Russian invasion

of Ukraine in 2022 indicated that the EU member countries might be ready to take new steps toward a more coordinated security policy. Despite the strong polarization of American society, the US reacted to the international systemic stimuli, and Washington did so with political and popular support for its tangible foreign policy responses.

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The author declares no conflict of interest.

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Article

A Weakening Transatlantic Relationship? Redefining the EU–US Security and Defence Cooperation

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Abstract

The aim of this article is to discuss how a weakening transatlantic relationship influences European defence cooperation and integration. It also asks how these observed patterns of weakening EU–US relations can be explained and what the consequences might be for the EU’s efforts to build a stronger and more coherent security and defence policy. Building upon a “comprehensive neo-functionalism” approach first coined by the Norwegian scholar Martin Sæter, European security and defence policy should be seen as part of an externalisation of EU integration as a response to weakening transatlantic relations. The debate on European “strategic autonomy,” the Strategic Compass, and the European “defence package” should therefore be considered as part of such an externalisation process of actively influencing and reshaping the transatlantic relationship. When analysing European security and defence, the article also shows that it is misleading to regard European integration as something to be subordinated to NATO. Nevertheless, a European security deficit does exist due to differing perspectives among member states on how the EU process should relate to NATO. The article, therefore, concludes that strategic autonomy can only be developed with close EU–NATO cooperation. Furthermore, a more multipolar world order where the EU no longer can rely upon a transatlantic security community to the same extent as before challenges the EU’s role as a defender of multilateralism and poses new challenges to the EU’s common foreign and security policy.

Keywords

EU defence package; EU Strategic Compass; European Union; NATO; neo-functionalism; security deficit; strategic autonomy; transatlantic relations; United States foreign policy

Issue

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1. Introduction

The hasty military withdrawal from Afghanistan in August 2021 was not only tragic for the Afghan population (Reuters, 2021). It was also a sign of a weakening transatlantic relationship and demonstrated the US’s declining international leadership (Melby, 2017a; Puglierin, 2021; Varma, 2021; for an alternative view see Olsen, 2022). This development, which has been ongoing for several years already, affects the workings of the two Euro–Atlantic institutions, the EU and NATO, as well as the relationship between them (Biscop,

2020; Riddervold & Newsome, 2022; Warrell et al., 2021). Nevertheless, the unprecedented Russian attack on Ukraine on 24 February 2022 represents an attack, not only on Ukraine and its 44 million inhabitants but also on the European security order as a whole. At the time of writing (March 2022), it is far too early to tell what the long-term consequences of this attack will be for European security and defence integration and transatlantic relations. It will most definitely constitute a recast of the European security order whose consequences are, for now, hard to predict. In this article, I will therefore discuss how a weakening transatlantic

relationship up until the events on 24 February 2022 influences European defence cooperation and integration. I also examine how these observed patterns of weakening EU–US relations can be explained and what the consequences will be for the EU’s efforts to build a stronger and more coherent security and defence policy. Hence, the main question of this article is how the EU’s efforts to build “strategic autonomy” can be understood empirically by analysing the debates and policy developments in the so-called European “defence package.” This package consists of a series of measures to enhance European defence capabilities and efficiency. It includes a Coordinated Annual Review on Defence (CARD), a Permanent Structured Cooperation (PESCO), and a European Defence Fund (EDF) of eight billion euros during the timespan from 2021 to 2027. In addition to the defence package, EU leaders are also elaborating on a Strategic Compass to be finalised during the French EU presidency in 2022. The aim is to set a common strategic vision for EU security and defence (European Union, 2021a) whose goals are to operationalise the EU’s strategic autonomy and “to refine the EU’s level of ambition, and to better link the EU’s strategic, operational and capability needs” (European Union, 2021b).

This article argues that the weakening transatlantic relationship leads to a European “security deficit.” Such a deficit implies that the EU and its member states will not be able to fill the gap that US leadership in European security traditionally has provided for within the NATO framework. This security deficit will also challenge the EU’s role as a defender of multilateralism and pose new challenges to the Union’s Common Foreign and Security Policy (CFSP). To account for this widening transatlantic gap and the growing security deficit, we need a theoretical toolkit that explains the widening transatlantic gap’s influence on European defence integration and cooperation. In fact, developments in transatlantic relations are a particularly important factor in understanding the evolution of EU defence integration and cooperation. Unfortunately, the European integration literature has often had a narrow approach and focused on internal EU processes. This applies to studies taking an institutionalist approach in the form of studies on European governance approaches, as well as integration theories such as neo-functionalism and intergovernmentalism (Wiener et al., 2018).

By building my arguments on Sæter’s (1998) approach to comprehensive neo-functionalism, it will be possible to overcome these tendencies to narrow-mindedness seen in the literature. The main reason is that such an approach that builds upon Ernst B. Haas’ book *Beyond the Nation-State* (1964) spans the “whole spectrum of actor interests, power relationships, modes of action and response, and forms of institutionalisation” (Sæter, 1998, p. 52). With the help of this comprehensive neo-functionalist approach, we can then analyse how the elaboration of European security and defence policies is part of an EU externalisation process.

By developing the EU’s ability to act within the security and defence field, the EU will actively seek to influence its international environment, including the changing nature of the transatlantic relationship. Based on such an analytical framework, “on actively influencing and reshaping the international environment” (Sæter, 1998, p. 38), I conclude that only a stronger EU–NATO relationship can be the basis for European strategic autonomy. Such a close relationship between these two institutions is a necessary condition for mitigating the negative consequences of the weakening transatlantic relationship. A closer EU–NATO relationship also implies a corresponding Europeanisation of NATO where the Europeans take on more responsibility for their own security. Nevertheless, even though initiatives such as the defence package and a Strategic Compass are steps in the right direction to enhance the EU’s role as an international actor, there is still a “discontinuity challenge” in European integration, causing the aforementioned security deficit. Disagreements between France and Germany on the elaboration of the EU’s strategic autonomy cause this discontinuity challenge. In fact, a common Franco-German vision on European security and defence is not yet visible (Kunz, 2019).

The arguments are organised in the following manner. First, I elaborate on the theory of comprehensive neo-functionalism and explain how such a broad approach can explain EU efforts to enhance the Union’s security and defence policy, especially during times when the transatlantic relationship is weakening. Second, I discuss the changing nature of the transatlantic relationship, emphasising altered US foreign policies and their consequences for Europe. Such an analysis is important since it affects the EU’s efforts to build a stronger and more coherent security and defence policy. In the last part, I elaborate on the European defence package and the work on the Strategic Compass to enhance the EU’s ability as a security and defence actor. Due to the discontinuity challenge in European integration, I conclude that stronger EU–NATO cooperation and a corresponding Europeanisation of NATO is the only realistic way for the EU to achieve strategic autonomy.

2. “Comprehensive Neo-Functionalism” as a Framework for Analysing Transatlantic Security and Defence Relations

The Norwegian scholar Martin Sæter’s interpretation of neo-functionalism as a tool for analysing European integration is still very fruitful (Sæter, 1998). It builds upon the works of Ernst B. Haas, the founder of this school. Unlike other scholars who build their analyses on Haas’ book *The Uniting of Europe* (1958/2004), Sæter applies Haas’ *Beyond the Nation-State* (1964) as a theoretical background to build his arguments. By doing so, he avoids the shortcomings of neo-functionalism, namely its normativism and determinism (Sæter, 1998, p. 17). Traditional neo-functionalism understands integration as

spillover processes through an expansive logic of sector integration, meaning that integration in one sector is likely to trigger integration in others (Niemann et al., 2018, p. 49). Hence, integration in this form implies a gradual transfer of loyalty from the national to the supranational level. This would, according to Haas, lead to a federation governed by the supranational institutions established by the Treaty of Rome (Haas, 1958/2004, pp. 34–35). According to this view, there is no conflict between supranationality and intergovernmental forms for cooperation. Therefore, the main criticisms against neo-functionalism have been its underestimation of the significance of national sovereignty and nationalism as barriers to the integration process itself (Niemann et al., 2018, p. 50). This has traditionally been the view of the intergovernmental school that emphasises national interests, including within the sphere of security and defence (Moravcsik & Schimmelfennig, 2018).

What Sæter (1998, p. 13) does is analyse EU integration as “system-transformation depending on the convergence and redefinition of the interests of the actors” involved, namely the national interests of the member states. Hence, it is up to the interests of the member states to redefine their interests that determine whether the integration process leads towards a more universal form of system, or not. By naming this approach as “comprehensive neo-functionalism,” he stresses that this approach engages in dialogue with other theoretical schools, from Realism to Liberalism, since it covers all types of interest politics. Therefore, this approach avoids the traditional weaknesses of neo-functionalism by meeting central realist requirements concerning national interests. The central feature of this form for neo-functionalism is, therefore, European integration through the nation-state, but also beyond it in perspective of what Haas (1964) and Sæter (1998, p. 26) call a “more universal type of system.” This is, of course, in contrast with a more traditional understanding of neo-functionalism that bypasses the nation-state. Such a perspective is, for example, seen in Haroche’s (2020, p. 853) research paper on the development of the EDF. Here he explains EDF’s development through a process characterised by “political cultivated spillover” processes—that is, a process where the European Commission is in the lead, followed by an offensive spillover process from the economic to the defence sphere, further supported by a bureaucratic spillover process that could lead to even more integration within the field.

Such an approach stands in contrast with Sæter’s “comprehensive neo-functionalism” and would not be a relevant analytical tool to analyse the changing nature of the transatlantic relationship on European security and defence. However, what is relevant is to emphasise that there is no automaticity in the integration process, and even more important, to regard EU integration as both supranational and intergovernmental in nature (Sæter, 1998, p. 52). Hence, Sæter describes EU integration as “comprehensive confederalism” with an

institutionalised intergovernmental leadership comprising foreign and security politics (Sæter, 1998, p. 77). This has been the dominant integration strategy since 1970 when the forerunner to today’s CFSP, the European Political Cooperation, was established. Since then, the CFSP has further developed where the Treaty of Lisbon (2009) today provides the EU with legal personality and has established a European External Action Service under the leadership of the High Representative of CFSP. Furthermore, this Representative is also Vice President of the European Commission. It furthermore includes a mutual defence commitment and a solidarity clause (Howorth, 2014, pp. 50–51). This leads us to the question of how the EU process of externalisation changes and reshapes the international environment, such as how it responds to a weakening transatlantic relationship in which the US shows a reduced commitment to international leadership (Melby, 2017a).

In this case, the greatest insight from comprehensive neo-functionalism is that it would be misleading to regard European integration as something to be subordinated to the wider sets of Western institutions under US leadership. The background for such a statement was that Haas himself concluded “that European integration should be seen as politically subordinate to the existing wider frameworks of cooperation and interdependence” (as cited in Sæter, 1998, p. 36). However, to subordinate the EU under the US-led NATO alliance will violate reality since it disregards the chief integration motifs of the main actors involved, but also because it will disregard the character of the EU integration process itself where the EU seeks more autonomy from the US (Biscop, 2020). This fact has become even more important in recent years with the debates on European strategic autonomy and sovereignty, which included the security and defence spheres. Here we also see a development in the transatlantic alliance since 2016 with the adoption of the EU’s Global Strategy (European Union, 2016), where the US will have to interact more directly with the EU in addition to its engagement through NATO (Biscop, 2020, p. 81). For example, the PESCO mechanisms are formulated in article 42.6 of the Lisbon Treaty and were long considered politically impossible to use. As Sven Biscop once stressed: “PESCO has been seen as toxic—until today. It seems that the combination of three powerful agents, Putin, Brexit, and Trump, has started the decontamination process” (Biscop, 2017, p. 3). Consequently, the activation of PESCO and the other initiatives under the defence package is part of such an externalisation that changes and reshapes the transatlantic security and defence relationship.

Nevertheless, even though it is important to clarify how the EU process influences transatlantic relations, it is also important to clarify “discontinuities” in the integration process itself. In the coming years, we will face an even more multipolar world and an EU that can no longer rely on a transatlantic security community to the extent that it did before. The US pivot towards East Asia and

the rise of China as a global peer competitor is an important part of this development. Furthermore, transatlantic relations will to an increasing extent, be “viewed by the United States through the prisms of China, just as during the Cold War they were viewed by the prism of the Soviet Union” (Baun & Marek, 2021, p. 44). This will undoubtedly challenge the EU’s role as a defender of multilateralism and pose new challenges to the EU’s common foreign and security policy. The most important form of discontinuity will be in how the EU relates to NATO and what kind of security community NATO will develop into in the coming years. As Stanley Hoffmann asked many years ago: “What will shall animate Europe?” (Hoffmann, 1964, p. 95). This question still goes straight to the core regarding what kind of autonomy the EU develops and how the Union will position itself in relation to other actors within the Atlantic system. After Brexit, this will not only relate to the US but also to Great Britain, as the submarine deal between Australia, Great Britain, and the US (AUKUS) illustrates. As Rieker (2022, p. 145) in this thematic issue underlines, this dispute cannot be reduced to a purely Franco-US conflict since the EU and the member states also expressed support for France in this matter.

These differences have always been present in the EU process. We may even argue that Brexit was one of the consequences of this discontinuity because Great Britain has viewed the EU process as primarily part of an Atlantic system and has consequently been sceptical of the EU developing its own security and defence policy. Furthermore, as Haroche (2020) and others have underlined, delegating security and defence competencies to supranational institutions has been difficult due to member states’ insistence on national sovereignty on these issues. The results are military capacity shortfalls that will be hard to close, causing this security deficit. This makes some scholars ask whether European strategic autonomy is just an illusion (Meijer & Brooks, 2021).

However, the EU has since 2016 taken huge steps in enhancing the EU’s role as a security provider. Most importantly, with the EDF, the EU has now crossed its Rubicon since the European Commission now has supranational powers on funding European defence research and military capability projects. The next part will further outline the changing nature of the transatlantic relationship, seeking to explain the patterns of weakening EU–US relations. Furthermore, it will analyse what consequences such a weakening will have for the EU’s efforts to build a stronger and more coherent security and defence policy.

3. The Changing Nature of the Transatlantic Security and Defence Relationship

From the previous theoretical part, we see that the EU integration process plays a fundamental part in the European security order. This takes the form of both deepening and widening the integration process itself

and externalising and reshaping the EU’s international environment, including the transatlantic partnership. As G. John Ikenberry (2008, pp. 9–10) underlines, the European security order is based upon a grand bargain between the US and its European allies and partners:

The United States provides its European partners with security protection and access to U.S. markets, technology, and supplies within an open world economy. In return, these countries agree to be reliable partners that provide diplomatic, economic, and logistical support for the United States as it leads the wider Western postwar order.

This grand bargain still holds, but it is changing as the US is increasingly reluctant to engage in international leadership, either on its own or within a multilateral framework. As Michael Smith, also in this thematic issue, emphasises, “transatlantic relations become an arena in which drivers of broader structural change are mediated and managed by the key participants, here the EU and the US” (Smith, 2022, p. 220). This transatlantic bargain has laid the foundation for the institutionalised Euro-Atlantic security order (Olsen, 2022). To secure such a security order, historical experience has shown that it depends on there being a clear US leadership role in Europe (Melby, 2017a, p. 70; Menon & Ruger, 2020, p. 371). Should the US become unable to fill such a role, insecurities among European countries regarding the trustworthiness of US security guarantees might develop which might increase the potential for division within or fragmentation of the European security order. Furthermore, these observed patterns of weakening EU–US relations will have consequences for the EU’s efforts to build a stronger and more coherent security and defence policy. At the same time, the EU has become indispensable for the member states since they set the overall strategy on foreign and security policy through the EU, and it provides them with a sufficient political and economic power base (Biscop, 2020, p. 82). Searching for the underpinnings of the US’ lack of will to provide leadership in European security will become even more important since it will influence EU strategy to set new conditions for its foreign and security policy.

In this respect, most scholars emphasise internal politico-economic developments in the US itself as the main reason for the lack of leadership (Gasparini, 2021; Melby, 2017a). These developments include an increasing political polarisation of US politics that also influences its decision-making abilities and foreign policies. Furthermore, huge socio-economic and ethnic changes have transformed the US into a truly multi-ethnic society, making the US’ national identity far more fragmented (Melby, 2017a, p. 154, 2017b). These developments have changed how the US views itself and its role in the world. These tendencies started during the Obama presidency (2009–2017) and were further amplified during the Trump presidency (2017–2021). An overarching

aim for President Obama was to end the wars in Iraq and Afghanistan that started during the presidency of George W. Bush (2001–2009). Based on this overarching assessment, we might state that there will be no return to a transatlantic security community in a traditional sense (Janes, 2021, p. 63).

In fact, the Obama administration laid the foundation for a new era in US foreign policy where the US' dominance would not be as visible as before. How President Obama handled several international policy challenges, such as Libya in 2011 and the war in Syria from 2011 and onwards, is, therefore, the shape of things to come (Lewis, 2013; Tierny, 2016). We can make the same judgements regarding recent events from the Biden presidency (2021–), such as the hasty withdrawal from Afghanistan in August 2021 without sufficient consultation with NATO allies. Furthermore, the same goes for how the submarine deal with Australia (AUKUS) from September 2021 was handled, causing a diplomatic crisis between the US and France (“Aukus: UK, US and Australia launch,” 2021).

The presidency of Joe Biden started with a great deal of optimism after four dismal years under Trump. In President Biden's first foreign policy speech after his inauguration, entitled *America's Role in the World*, on 4 February 2021, he stated: “America is back. Diplomacy is back at the center of our foreign policy” (Biden, 2021). Such a statement from the US President and corresponding statements from other politicians in the administration, including Secretary of State Anthony Blinken (see, e.g., Blinken, 2021) and National Security Advisor Jake Sullivan (see, e.g., Sullivan, 2021), were, of course, met with big relief in Europe and elsewhere. Hence, the transatlantic security community survived the Trump presidency against all odds (Schuette, 2021).

However, this kind of statement conceals the huge changes the US and the transatlantic security community have gone through, at least since the Obama administration (Kaufman, 2017; McKay, 2019). What President Obama did was to start to question the US' power base and the economic and military preconditions for the US leadership (Melby, 2017a, p. 283). Gasparini (2021, p. 1) is, therefore, certainly right when he points out that European leaders will be disappointed if they expect a return to typical past transatlantic relations under the presidency of Joe Biden. The increasing transatlantic rift has relatively little to do with the Trump presidency alone, even though its character and content contributed significantly to transatlantic divergences (Herszenhorn, 2020).

Clearly, these developments influence the workings of institutions such as NATO and the EU and especially the burden-sharing debate, which has been particularly significant since the NATO summit in 2014 (NATO, 2014). Even though the Trump administration in style was very different from the current Biden administration, they also shared much of the same approaches to international affairs. The most important difference was that the

Obama and the current Biden administrations pursued their foreign policies within multilateral and institutional frameworks. Donald Trump, on the other hand, without doubt, was the most chaotic president in American history. No American president has been so willing to rely on instinct rather than careful analysis and institutionalised decision-making processes (Knutsen & Tvetbråten, 2021, p. 28). The aim was to secure as much freedom of manoeuvre for the US as possible. Interestingly, the Obama Administration pursued a foreign policy on the presumption that the US-led liberal order now rested on such a solid foundation that traditional US leadership is no longer needed to the same extent as before (Ikenberry, 2014). In fact, assessing Biden's foreign policy outlook as described in his article in *Foreign Affairs* in 2020 can be understood within such an approach to international affairs (Biden, 2020).

True, the Biden administration started optimistically with a series of initiatives to prove that it was returning to the world and to underline its role as an international leader. In spring 2021, the US re-joined the Paris accords on climate change and the World Health Organization. At the NATO summit in Brussels in June, Biden re-committed the US to NATO, underlining the importance of the alliance to US and European security and met with the EU leaders within different formats, including an EU Foreign Affairs Council meeting in Brussels in February and a European Council meeting in March (Brattberg, 2021). An EU–US summit also took place in June after the G7 and the NATO summits (Brattberg, 2021; NATO, 2021). Among the items under discussion was establishing an EU–US security and defence dialogue and a new transatlantic agenda for global cooperation.

How the EU relates to NATO is an integral part of this relationship. Undoubtedly, the relationship has been difficult, not least because a zero-sum perspective has reigned: what is good for the EU is bad for NATO, and vice versa. However, the two organisations adopted two Joint Declarations in 2016 and 2018 that laid the foundation for 74 areas of cooperation on issue areas including military mobility (a PESCO project), counterterrorism, strengthening resilience to chemical, biological, radiological, and nuclear-related risks, and promoting the women peace and security agenda (NATO, 2016, 2018). Contrary to what one might expect, this zero-sum perspective is still relevant, as seen when NATO's Secretary-General Jens Stoltenberg in November 2021 warned against the establishment of a small EU Rapid Deployment Capacity of some 5000 personnel (“NATO-sjefen advarer mot EU-plan,” 2021). The same is also true from a US perspective, which might sound somewhat paradoxical: A reduced US willingness to lead European security and a negative stance towards European measures to improve the transatlantic burden-sharing.

One change might have taken place in October 2021. At NATO's defence minister meeting in Brussels, the US Secretary of Defense Lloyd Austin stated that the US supported a common EU defence plan that strengthened

NATO (“Austin says U.S. supports EU,” 2021). In addition, the French Minister of Defence Florence Parly stated at the same meeting that the EU’s defence plans would benefit the US and consequently strengthen the alliance: “A stronger Europe will contribute to a strengthened and more resilient alliance,” she said (“Austin says U.S. supports EU,” 2021). The then German Minister of Defence, Annegret Kramp-Karrenbauer, also made a similar statement but underlined the necessity of bringing NATO and EU policies into greater alignment.

We might therefore argue that the US has a positive influence on EU strategic autonomy if it is done in a transparent way where the two joint declarations from 2016 and 2018 “form some concepts that help us forward” (US State Department interview, 12 August 2020). On the other hand, the US ambivalence towards the EDF, calling it a “poison pill” that would destroy transatlantic cooperation and hinder US access to the European defence market (Fiott, 2019), illustrates the conflicting dynamics in transatlantic relations. That is, between an EU integration process along comprehensive confederalist lines and the Atlantic framework set by the US. In fact, without these changes in US foreign and security policies during recent years, it is far from certain that the EU would have intensified its security and defence policies. This strengthening security and defence dimension is henceforth a clear example of the externalisation process in terms of actively influencing and reshaping the international environment. This is especially relevant for NATO where a corresponding Europeanisation of the alliance is an overarching goal. So, when the EU now develops and strengthens its security and defence policy through the defence package and the Strategic Compass process, we must also identify the impediments to such a process. As I discussed in the theoretical part of this essay, this is the discontinuity challenge in European integration which is causing a European defence deficit.

4. The European Security Deficit

To enhance the EU’s role as a security actor is an attempt to influence the changing nature of the transatlantic relationship. Therefore, a weakening transatlantic relationship is the main impetus behind the EU’s efforts to build strategic autonomy and thereby “actively influencing and reshaping the international environment” (Sæter, 1998, p. 38). Insights from the comprehensive neo-functionalist approach provide us with an understanding of how to view the relationship between the European integration process and the Atlantic levels of cooperation. Since it is misleading to regard European integration as something to be subordinated to the wider Western institutions under US leadership, a more integrated EU in security and defence will consequently imply enhanced needs for EU autonomy in its relationship with the US (Biscop, 2022). In addition, as Aggestam and Hyde-Price (2019, p. 124) emphasise, we also see “widening differences on values and norms and differ-

ences over trade and economic relations” in transatlantic affairs. This makes the search for strategic autonomy even more pressing. Nevertheless, a European security deficit still exists due to differing national interests, a phenomenon that also can be explained by the same theoretical approach. However, the Strategic Compass and the European defence package are important steps towards European defence integration.

Hence, the defence package in the form of CARD, PESCO, and EDF, and the work on the Strategic Compass point to enhanced EU autonomy, but politicians and scholars alike are still striving to define this concept (Nováky, 2020). However, as this analysis shows, autonomy will mainly imply a rebalancing of the transatlantic relationship to make it more viable and long-lasting. NATO will therefore benefit from enhanced European defence capabilities. From the EU side, strategic autonomy means that the Union needs to take on more responsibility for its own security: “We need to be able to act rapidly and robustly whenever a crisis erupts, with partners if possible and alone when necessary” (European Union, 2022, p. 3). Clearly, this definition is in strong need of operationalisation. Therefore, the purpose of the Strategic Compass is to conduct such an exercise to bring greater coherence and a common sense of purpose to European security and defence (Fiott, 2021, p. 164). The meaning is to “narrow the gap between ambition and reality when it comes to the EU’s external action; facilitate the development of a shared strategic culture; and clarify the overall image of EU defence cooperation” (Nováky, 2020, p. 1).

However, starting work on the Strategic Compass in 2020 could be considered as putting the cart before the horse. Even though the Strategic Compass will not replace the Global Strategy from 2016 (European Union, 2016), it provides a security political framework to the defence package, which started some four years before the work on the Compass. In the Compass, which was made public on 21 March 2022, the EU stress that, today and in the coming years, it will face a more volatile, complex, and fragmented security landscape (European Union, 2022, p. 7). This necessitates that the EU and its member states “must invest more in their security and defence to be a stronger political and security actor” (European Union, 2022, p. 6). Consequently, the EU needs to reinforce its civilian and military CSDP missions and operations. One of the most concrete outcomes of the Compass will therefore be the establishment of a Rapid Deployment Capacity of some 5000 troops. This capacity should make the EU able to meet different types of crises and is built upon the existing Battle Group concept. These battle-groups can hardly be considered a success (Duke, 2019). To make it more useful, a strengthening of existing command and control structures, like the Military Planning and Conduct Capability and the corresponding Civilian Planning and Conduct Capability, is surely needed.

All these efforts as laid down in the work on the Compass consequently lead us to ask whether the EU

is a unique security and defence actor, or whether it is more like a “normal” one that, instead of pursuing norms, acts like any other (state) actor would do. As Rieker and Riddervold (2021, p. 11) demonstrate, the EU has become “increasingly interest-based and security-oriented in its immediate crisis response,” but more “principled...in its longer-term, overall policies.” Nevertheless, Howorth (2014, p. 71) is certainly right when he stresses that the uniqueness of the EU is in having civilian-military synergies alongside a strong civilian security identity. Due to the character of the international environment, we might therefore assume that in the coming years, the EU will enhance its abilities to meet a more hostile threat environment. From this, we might argue that the EU will act more in line with other (state) actors in the international system.

Hence, the purpose of the defence package is to enhance the EU’s capacities and generate military power. Only by pooling defence resources can the European member states field a comprehensive full-spectrum force package for projection in Europe and beyond (Biscop, 2020, p. 90). By addressing capability shortfalls through the yearly CARD process, the aim is to make better use of limited defence resources. The CARD process should consequently contribute to a gradual synchronisation and mutual adaptations of national defence planning cycles and capability development practices (European Defence Agency, 2022). Since CARD identifies capability shortfalls, the aim of PESCO is to “gradually deepen defence cooperation to deliver the required capabilities to also undertake the most demanding missions and thereby provide an improved security to EU citizens” (European Union, 2021c). PESCO is henceforth capability-driven and legally binding to improve the EU’s military capabilities (European Union, 2017). At present, there are 60 different PESCO projects, based on 20 legally binding commitments and comprise project areas within the fields of training, land, maritime, air, cyber, and joint enablers. Through these binding commitments, the aim is to “overcome capability shortcomings identified under the Capability Development Plan (CDP) and CARD. These capability projects shall increase Europe’s strategic autonomy and strengthen the European Defence Technological and Industrial Base (EDTIB)” (European Union, 2021c). The final part of the defence package is EDF. The Fund is key in EU capability developments and support member states in the development of defence material and technology and defence research. The aim is to reduce the European dependence on non-European actors in developing new and disruptive technologies. Most importantly, the nearly eight-billion-euro defence fund is a game-changer in European defence cooperation and integration. The reason, of course, is that it is organised under the auspices of the European Commission and is a clear sign of the blurring of the traditional dichotomy between intergovernmental and supranational decision-making (Håkansson, 2021), fully in line with the comprehensive neo-functionalist approach.

From this, we can also conclude that the aims of the Strategic Compass and the defence package are to set a common strategic vision for EU security and defence. Nevertheless, we must not underestimate the current discontinuity challenge in European security and defence integration. There are still quite substantial differences between the member states on how autonomy should be further developed. These differences relate to the EU’s relationship with NATO and the US, i.e., how Europe should respond to a reduced US will to lead. In addition, this discontinuity also relates to differences in threat perceptions and whether security and defence should become more supranational (Meijer & Brooks, 2021).

Interestingly, in this regard, we can identify quite substantial differences between France and Germany, the traditional motor of the integration process. Since becoming president in 2017, French President Emmanuel Macron has taken several political initiatives to enhance European security and defence. All of them as a direct response to a weaker transatlantic relationship. The most well-known is the European Intervention Initiative (E2I), formally located outside the EU framework but still intended to build a common European strategic culture. From the French perspective, the intention is not to tear down NATO but to complement it and make the transatlantic relationship more reliable (Major, 2021, p. 37). Hence, as analysts from the German think-tank SWP state: “Paris is looking for new ways of preserving its autonomy in defence policy and of filling the strategic vacuum that has been created by the waning US interest in Europe and its periphery” (Kempin, 2021, p. 2).

On the other hand, Germany warns against French proposals on making the EU more independent from the US (Kramp-Karrenbauer, 2020). The former German Minister of Defence Annegret Kramp-Karrenbauer, therefore, emphasised that Europe should assume more responsibility on defence matters but stressed that the US and NATO remain vital for European security. Therefore, Franco-German leadership on European defence is not in sight (Kunz, 2019).

These divergences relate specifically to how these two countries assess the transatlantic relationship. From a French perspective, the Trump presidency was a clear sign of a structural change in transatlantic affairs, in the form of a US that constantly distances itself from Europe. The German perspective is that transatlantic relations will go back to normalcy once Trump leaves office.

With these divergences in mind, any realistic strategic autonomy by the EU must be built in close cooperation with NATO and a strong EU–NATO partnership (see also Howorth, 2019). Surely, it will be a long-term process where NATO itself goes through a rebalancing process, perhaps implying a European Supreme Allied Commander at some time. Nevertheless, three decades of EU security and defence cooperation and integration shows that any common policy in this area must be realistic.

5. Conclusions

As the analytical framework of this thematic issue underline, there is more potential for a weakening of the EU–US foreign policy relationship today than in any previous phase of this relationship. Furthermore, with a rising and more assertive China, Europe is no longer central to US foreign policy priorities. In this article, I have discussed how a weakening transatlantic relationship influences European defence cooperation and integration. It also asked how these observed patterns of weakening EU–US relations can be explained and what consequences such a weakening will have for the EU's efforts to build a stronger and more coherent security and defence policy. This article has shown that the build-up of common European policies on these issues will be far from an automatic process.

On the contrary, there is still a discontinuity challenge in European integration. Further research should dig deeper into this discontinuity challenge, not least because Howorth (2019, p. 35) is utterly pessimistic when he states that no such strategic autonomy will be achieved before NATO's 100th anniversary in 2049. That is too long to wait. Research on how such autonomy can be further developed should be one of the most important research questions on European security issues in the times to come. In this perspective, the war in Ukraine might lead to enhanced European defence integration since it is only through integration that Europe will be able to take greater care of its own security. Therefore, this war might become an impetus for more externalisation of European security and defence by actively influencing and reshaping the transatlantic relationship.

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Conflict of Interests

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Article

Coherence at Last? Transatlantic Cooperation in Response to the Geostrategic Challenge of China

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Abstract

In light of the larger contextual picture of increased geostrategic rivalry with China, this article focuses on the question whether transatlantic cooperation responses towards the geostrategic challenge of China can possibly be coherent at all. How can we explain coherent actions (or lack thereof) between actors across the Atlantic in their foreign policy towards China? The central idea then is to explain transatlantic cooperation responses to the geostrategic challenge of China from a coherence angle, providing us with a perspective by which we can understand why actors on both sides of the Atlantic invest in policy coherence, or rather not. We argue that this coherence angle on transatlantic relations is particularly promising as it combines a focus on actors and structural dimensions that is able to offer explanations by whom, where, and why policy coherence is achieved. By looking into two different cases, the so-called concerted sanctions case and the AUKUS case, we find both, transatlantic coherence and incoherence, respectively, in response to the strategic challenge of China. Overall, this article has important policy implications, as it can point to the underlying factors in transatlantic policy-making that push or obstruct coherence.

Keywords

coherence; cooperation; EU; incoherence; security; transatlantic; US; values

Issue

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1. Introduction

After years of contestation and polarization, transatlantic relations may be severely weakened (Riddervold & Newsome, 2022). In an attempt to assess the weakening or strengthening of transatlantic relations, we will zoom in on one specific aspect of transatlantic relations that has recently given way to policy-making on both sides of the Atlantic: the rise of China as a contesting power of the liberal international order (LIO), its fundamental values and ideas. We are thus interested in how we can explain transatlantic cooperation in light of the geostrategic rivalry with China, more specifically whether transat-

lantic cooperation responses towards the geostrategic challenge of China can possibly be coherent. How can we explain coherent actions (or lack thereof) between actors across the Atlantic in their foreign policy towards China? To answer this research question, we propose a coherence framework within which we can assess the coherence/incoherence of transatlantic actors on the basis of realist and constructivist theoretical accounts (for another realist account of transatlantic cooperation see also Olsen, 2022).

Although not usually achieved in practice, transatlantic relations should rest on policy coherence, as coherence ideally contributes, at least from a governance

point of view, to efficient and effective policy outcomes (Duke & Vanhoonacker, 2006). At a minimum, coherence is the absence of inconsistencies, at a maximum the creation of policy synergy in transatlantic relations (see Marangoni & Raube, 2014; Portela & Raube, 2012). The more the policy coherence of transatlantic actors decreases, the more transatlantic policies tend to become inconsistent and miss the opportunity of policy synergies. And indeed, over the last couple of years and especially during the Trump administration, transatlantic relations suffered from a lack of US-American leadership and invested in the active contestation of multilateral cooperation (Anderson, 2018; Drozdiak, 2017, pp. 254–255). Nevertheless, as Riddervold and Newsome (2021, p. 606) argue following Ikenberry: “[T]he transatlantic relationship will withstand today’s crises, including the one caused by Trump’s policies, due to everyone’s interest.” In other words, with a new US-American leadership under President Biden it could well be that, after years of transatlantic inconsistencies and missed opportunities of synergetic policies, transatlantic actors would tend to thrive towards transatlantic policy coherence. In the context of transatlantic relations *after Trump*, this may imply that actors communicate and coordinate their strategic perspectives and actions in the effort to arrive at consistent and synergetic policies.

Building on coherence as discussed in European integration literature (Christiansen, 2001; Duke, 2011; Hillion, 2008; Keukeleire & Raube, 2013; Marangoni & Raube, 2014; Portela, 2021; Portela & Raube, 2012), the overall idea is to explain the drive of transatlantic actors to arrive at transatlantic coherence by using realist and constructivist theories. In other words, once we have shown whether transatlantic actors’ actions were coherent or not, we use the realist and constructivist theories to explain why. By using (a) the so-called concerted sanctions case in March 2021 and (b) the so-called AUKUS case in the second half of 2021, we can point to different policy outcomes of transatlantic responses towards China, and explain them accordingly. Both cases are not only timely and recent examples of coherence and incoherence in transatlantic relations, they are also situated in the context of the new US-administration under President Biden, whose aim was to strengthen transatlantic ties—promising a greater focus on co-ordinated transatlantic relations and policy coherence after four rather confrontational years. Respectively, the policy implications of this article are interesting, as they will enable us to point to the underlying factors in transatlantic cooperation that push or obstruct coherence.

2. Conceptualising Coherence in Transatlantic Relations

2.1. Coherence in Transatlantic Relations—How So?

From a governance perspective, coherence contributes to efficient and effective policy outcomes (Duke &

Vanhoonacker, 2006). At a minimum, coherence is the absence of inconsistencies, at a maximum the creation of policy synergy in transatlantic relations (see Marangoni & Raube, 2014; Portela & Raube, 2012). Coherence can thus be understood as the opposite of an inherent contradiction or, more specifically, the opposite of contradictory policies, including strategic mismatches and policy instruments (Krenzler & Schneider, 1997, p. 134; Marangoni & Raube, 2014). In this reading of coherence, various political strategies, policies, political actors, and organisations have to think not only how to avoid incoherence, but to push for policy congruence, complementarity, and added-value (Hillion, 2008, p. 17; see also Duke, 2011). Coherence is then essentially goal-oriented and attributed of an action characterised not only by the absence of contradictions, but by synergies in pursuit of a single objective (Krenzler & Schneider, 1997, p. 134; Missiroli, 2001, p. 4).

Following Riddervold and Newsome (2021), transatlantic relations are “the overall set of relations between the European Union and the US, within the broader framework of the institutional and other connections maintained via NATO and other institutions” (p. 603). For the purpose of this article, however, we understand transatlantic actors to consist of not only the EU and the US, but also Canada, UK, and individual EU member states. For Ikenberry (2008), the transatlantic relationship is based on four key pillars: “U.S. hegemony, mutual interests, political bargains, and agreed-upon rules and norms” (as cited in Riddervold & Newsome, 2021, p. 606). But how does coherence come into play here? In fact, as Marangoni and Raube (2014) remind us, “coherence is not specific to EU external action but a buzzword in any polity” (p. 474). We may in fact use the coherence framework not only for polities, such as the EU (Portela & Raube, 2012), but also for the more loosely coupled pluralistic security community of transatlantic relations (see Adler & Barnett, 1998; see also Deutsch et al., 1957). And while one may argue that transatlantic relations have always been made of disagreement and that they have never been entirely coherent (Drozdiak, 2005), we also find evidence for cooperation and working-together (Risse, 2016). In this latter regard, coherence becomes an objective of multilateral transatlantic cooperation and reminds actors of necessary “habits of cooperation” (Smith, 2022) not the least because, from a governance perspective, coherence contributes to efficient and effective policy outcomes (Duke & Vanhoonacker, 2006; Marangoni & Raube, 2014). In this respect, it does not surprise that NATO partners underline their commitment to “a continued coherent international approach, in particular between NATO and the European Union (EU)” (NATO, 2016, para. 22) and “to contribute to the coherence and complementarity” of NATO and the EU (NATO, 2021b, para. 65).

2.2. *Horizontal and Vertical Coherence—In Transatlantic Relations, Too?*

As European Integration literature has shown, policy coherence can occur horizontally between organizations, and vertically between different levels of governance, for example between organisations and their member states. In the EU, horizontal coherence has often been seen as a contribution to the effective policy-making, ruling out inconsistencies across institutional actors, while vertical coherence has only then been achieved if the EU and its member states were able to establish consistencies and even policy synergies in decision-making and implementation (Christiansen, 2001; Marangoni & Raube, 2014).

In the case of transatlantic relations, we may first understand *horizontal coherence* as the absence of inconsistency between transatlantic actors. For example, we would expect that both the EU and NATO or, respectively, EU member states and the US do not contradict each other’s policies, or even thrive towards added-value and synergies in their foreign policies (Marangoni & Raube, 2014). Relatedly, this conceptualization of horizontal coherence suggests that transatlantic actors and organisations may well focus on specific goal-oriented coherence, pulling their forces and ambitions to (a) avoid inconsistencies and (b) provide added-value (see Table 1). Secondly, we may understand *vertical coherence* as the absence of inconsistency between transatlantic organisations and member states. In a transatlantic context, we would expect that member states “walk the line” of transatlantic strategy and policy-making in NATO and, accordingly, arrive at non-contradiction and even synergies (see Table 1).

With Risse (2016), we would expect this to be achieved if there is a large consensus across interests and shared identities of states. At the same time, we may actually see evidence that states contradict the overarching policy objectives and strategies agreed upon on a macro-level of transatlantic relations.

2.3. *Why Would Actors Across the Atlantic Actually Arrive at Policy Coherence?*

In order for horizontal and vertical policy coherence to take shape in the context of transatlantic relations, we do not only need a willing hegemon to advertise con-

gruent and coherent policies, but also a given set of mutual interests, rules, and norms amongst all transatlantic actors. This calls for a two-fold reading of transatlantic relations which allows to explain them from a rules- and norms-based approach (constructivist), on the one hand, and from an interest-based approach (realist) on the other. By simultaneously using a constructivist and realist approach we aim to explain why policy coherence in transatlantic relations is pushed or undermined for reasons of identity and/or interest of transatlantic actors (or actually not). Nonetheless, various theoretical accounts can explain why coherence/incoherence is or should be achieved—be it for reasons of the underlying actor’s identity or interests, but also for reasons of institutional-administrative interests (see Marangoni & Raube, 2014) or domestic post-functionalists’ constraints (see Hooghe & Marks, 2009). Yet, given the transatlantic actors’ increased focus on geostrategic interests, as well as their focus on a set of common values and principles (identity), both a realist and constructivist reading of policy coherence may prove to be useful.

A first realist account may predominantly offer us to explain why policy coherence in transatlantic relations remains a “vehicle” of states’ interests (Hyde-Price, 2006). In other words, coherence may not necessarily always be beneficial. Action that follows geostrategic interests of states may run contradictory to overall transatlantic coherence. Pragmatic political strategies and action remain an expression of states’ interests rather than the shared identity of the pluralist security community. From a realist perspective, coherent external action in transatlantic relations can lead to an increase of external credibility, while at other times it might be more beneficial for individual states to pursue their own actions. Pragmatic choices and incoherent action are thus “natural” situations (see Marangoni & Raube, 2014; Raube & Burnay, 2018).

A second constructivist account offers us a focus on identity-related explanations of why actors would opt for policy coherence. From a constructivist perspective, horizontal and vertical policy coherence are achieved based on shared identities, values, rules, and principles across the Atlantic. Coherent action is pursued when a shared identity is a driving force of transatlantic relations, promotes Atlantic values beyond its own realm, and defends the underlying values of the West and the LIO towards other actors (see Marangoni & Raube, 2014). Overall, in

Table 1. Horizontal and vertical (in-)coherence in transatlantic relations.

	Coherence	Incoherence
Horizontal	Absence of inconsistency and/or presence of synergy between transatlantic actors	Presence of inconsistency and/or absence of synergy between transatlantic actors
Vertical	Absence of inconsistency and/or synergy between transatlantic organisations and member states	Presence of inconsistency and/or absence of synergy between transatlantic organisations and member states

the eyes of the constructivist theory, a pluralist security community, like the one that finds expression in transatlantic relations, will not only arrive at coherent action due to common identities, but also because it is the only way to credibly project Western norms and values externally towards other parts of the world.

Especially once we zoom in on the question if actors across the Atlantic actually arrive at policy coherence in their foreign policy responses towards China, we can derive a *first hypothesis* from the above-mentioned theoretical accounts. Accordingly:

HYP1: we expect a transatlantic actor to respond coherently to the emerging rivalry with China if its action was interest-driven and matches those of other transatlantic partners or organizations.

In other words, a match of interests across the Atlantic leads to a win-win situation in terms of overall transatlantic security. We would expect actors to activate and play towards these interests. However, equally, if coherence is not seen as beneficial, actors may opt for alternative forms of cooperation and, consequently, fail to speak a language of transatlantic cooperation (Waltz, 1993). Secondly:

HYP2: we expect a transatlantic actor to respond coherently to the emerging rivalry with China if its action was identity-driven and matches those of other transatlantic partners or organizations.

In other words, in order for coherence to materialise, transatlantic identity, ideas, and values (including democracy, human rights, and the rule of law) would have to inform action, allowing research to point to leadership and action that highlight the importance of the transatlantic identity.

In order to test the two hypotheses above, we use two recent cases: the so-called concerted sanctions case in March 2021 and the so-called AUKUS case in the second half of 2021. By testing both hypotheses in both cases, we can point to different policy outcomes and, respectively, the factors that lead to (in-)coherent transatlantic responses towards China. By the same token, we may expect transatlantic coherence to be achieved if actors were to take concerted sanctions against China and, more specifically, China's human rights violations. Given the underlying transatlantic values (see NATO, 2021b), we would expect that policy coherence was reached because actors were mainly driven by subjacent common identity conceptions. In the AUKUS case, a case that is essentially about China's quest to regional hegemony in the Indo-Pacific but also about the increasingly important threat perception of China in transatlantic cooperation (NATO, 2021b), we would expect transatlantic coherence to be achieved if actors were to take coordinated defence-related action to contain China; not the least because actors

were mainly driven by underlying common security and defence interests.

3. Methodology

Prior to the analysis, we briefly want to highlight why the concerted sanctions case and the so-called AUKUS case have been chosen. In general, both cases enable us to explain why transatlantic actors are able to respond coherently to the emerging geostrategic rivalry with China, as both cases have a direct link to the way Western actors have recently reacted to the perceived threat of China. The selection is based on the idea of choosing two very different cases in essence. On the one hand, we have a horizontal sanctions regime that includes targeted human-rights-related sanctions which, on the outset, can be perceived as being relatively non-costly (Portela, 2019). The stake for taking on such sanctions is, compared to wider country-based sanctions, perceived as low. At the same time, human-rights-related sanctions underline the importance of universal values and a rules-based international order. On the other hand, defence-related deals and cooperation, such as the AUKUS deal, can imply costly investments that serve both larger security and economic interests. The stakes are arguably high, as such deals lead to long-term strategic commitments and trust-building measures with other partners. Such defence-related matters are generally perceived to be driven by national security interests.

At the same time, the two different cases are situated in the context of the new US administration under President Biden. In other words, both cases took place during the new Biden administration, which was seen as putting an end to the ongoing transatlantic inconsistencies during the Trump administration. First of all, the selected timeframe (the early months of the new Joe Biden administration) is relevant due to the slow but sure weakening of transatlantic relations with previous US administrations and the leadership role that the US holds in the security alliance (Anderson, 2018; Riddervold & Newsome, 2021; Risse, 2016). Although the Obama period may be remembered as one of relatively harmonious transatlantic relations, it was also during his time in office that US foreign policy reorganised its priorities with the so-called "Pivot to Asia" and diverting attention and resources away from Europe (Anderson, 2018). Nonetheless, the aforementioned weakening and distrust between the transatlantic powers escalated with Trump's isolationism and unilateralism in foreign affairs (Anderson, 2018; Riddervold & Newsome, 2021). In this sense, to analyse case-studies taking place with a more pro-transatlantic and multilateralist US administration (who already re-joined the Paris Agreement and the World Health Organization) appears interesting considering Biden's outspoken intention to raise the level of ambition in US–EU relations.

Both cases are related to transatlantic relations and the geostrategic rivalry with China. First, the concerted

sanctions case includes a number of different individual transatlantic actors, while the AUKUS case seems at first to be only about two individual transatlantic actors (the US and the UK). The latter case, however, is shedding light on the non-involvement of more transatlantic actors (continental Europe) that could otherwise have been involved in the making of a defence-related agreement. Indirectly, as the following analysis will show, both cases are linked to NATO as well, since NATO members have agreed to tackle the geostrategic rise of China by means of transatlantic cooperation. Second, both cases also shed light on the geostrategic rivalry of transatlantic actors with China (new contender to the US hegemony since the Russian role in world politics is declining) and their responses towards its emerging role in the international system. While the US recognises China as “the US’ strategic threat of the 21st century” (Balfour, 2021, para. 10), the EU takes a non-confrontational but cooperation-based approach towards the assertive Chinese foreign policy (European Commission, 2021). Nonetheless, the EU has also referred to China as a “systemic rival” when it comes to the promotion of “alternative models of governance” (European Commission, 2019, p. 1).

To answer the research question (“How can we explain coherent actions (or lack thereof) between actors across the Atlantic in their foreign policy towards China?”) we carry out a two-fold analysis. On the one hand, we study transatlantic actors on a strategic-rhetorical level (i.e., interpreting official documents to analyse the intention of transatlantic powers to coherently cooperate or not). On the other hand, we also effectuate a more practical action-based analysis of the coherence (or lack thereof) of transatlantic actors through the material actions of the two case-studies. To this end, we use an interpretative qualitative method that focuses on a variety of documents (primary, secondary, and tertiary sources). In other words, we assess and interpret respective primary (official) sources on a strategic-rhetorical level (such as the so-called “New Transatlantic Agenda”), while we also use primary, secondary, and tertiary sources (including official documents, journal articles, newspaper articles, surveys, and reports) that allow us to assess and interpret the coordination of transatlantic relations at an action-based level. Once we have spotted the types of coherence or incoherence for the given case (horizontal and vertical), we will use the realist and constructivist lenses in order to explain the actions of transatlantic actors and to test the two elaborated hypotheses (HYP1 and HYP2).

4. Coherence and Incoherence in the Transatlantic Response Towards China

The following section will examine the selected two cases in light of the coherence/incoherence conceptual framework and the realist and constructivist theories.

4.1. Concerted Sanctions

4.1.1. Context

In the name of social stability, the Chinese Communist Party (CCP) has constructed a “multi-layered network of mass surveillance” in the region of Xingyang in order to standardise the behaviour of its residents (Leibold, 2020, p. 1). The CCP identifies “deviant” individuals who are subjected to transformation via re-education processes and organises their “rehabilitation” according to their “level of contamination, local practices,” and willingness to change (Leibold, 2020, p. 12). Since 2017, more than one million people have been interned in these extra-judicial centers, where detainees undergo forced indoctrination—involving “psychological and physical torture” (Leibold, 2020, p. 1). In 2020, the Australian Strategic Policy Institute counted more than 380 suspected detention facilities (Ruser, 2020).

However, multilateral transatlantic action coordinated by the US took place on March 22, 2021 to hold China accountable for its human rights violations. The US, the EU, Canada, and the UK imposed Magnitsky-style tailored sanctions on several Chinese officials, following the inspiration of the US’ Global Magnitsky Human Rights Accountability Act (2016) as a transnational mechanism for human rights protection.

The EU’s sanctions against China were implemented in the framework of the EU Global Human Rights Sanctions Regime, adopted in December 2020 (Council Decision of 22 March 2021, 2021; Council Implementing Regulation of 22 March 2021, 2021). In retaliation, China sanctioned 10 European individuals (including members of the European Parliament and scholars) and four entities. While its intention may have been to initiate its reprisal by the weakest, it backfired, as it caused the EU–China Comprehensive Investment Agreement (CAI) to be suspended in May 2021, and the EU and the US to get closer (Kleinfeld & Feldstein, 2021).

4.1.2. A Case of Coherence?

First of all, the concerted sanctions case shows vertical coherence at a strategic-rhetorical level. Already in 2016, during the Warsaw meeting, NATO heads of state stressed the importance of the shared underlying values driving the sanctions against China: “NATO is an alliance of values, including individual liberty, human rights, democracy, and the rule of law. These shared values are essential to what NATO is and what it does” (NATO, 2016, para. 129). This commitment has been consistently upheld by the organisation. More recently, in June 2021, at the Brussels meeting of the North Atlantic Council, NATO heads of state reaffirmed the commitment of the organisation towards “the values we share, including individual liberty, human rights, democracy, and the rule of law. We are bound together by our common values...the bedrock of our unity, solidarity, and

cohesion” (NATO, 2021b, para. 2). Moreover, in the *NATO 2030 Agenda factsheet* (also released in June), proposal number 5 calls to “uphold the Rules-Based International Order” because it is “under pressure from authoritarian countries, like Russia and China, that do not share our values. This has implications for our security, values, and democratic way of life” (NATO, 2021a, p. 3). Overall, we find vertical coherence in the absence of inconsistencies between NATO and its member states’ strategy and actions, arriving at no contradictions—both before and after the case itself took place.

Secondly, we find horizontal coherence on the action-based level: Not only do EU and the US not contradict each other’s policies, but generate synergetic policy-making (concerted sanctions) and added value, pulling their forces towards a specific goal (to hold China accountable for its human rights violations) without inconsistencies. Although the sanctions are largely emblematic, they are a potent symbol for several reasons. We are witnessing a convergence of approaches against China’s repression: While the US would have been expected to take a more confrontational approach, Europeans may have rather opted for more conciliatory positions (Kleinfeld & Feldstein, 2021). In this vein, we find internal coherence and consensus within the EU. This was the second time since 1989 (when an arms embargo was implemented following the Tiananmen Square crackdown) that the EU imposed sanctions on China. This means that commercial ties with China, the suspension of the CAI agreement, and the diverging interests among EU member states did not obstruct the path to transatlantic cooperation in the area. It is also relevant considering that restrictive measures in EU law require a unanimous Common Foreign and Security Policy (CFSP) decision. At the same time, transatlantic synergetic policy-making has also provided added-value and inspired other countries to also protect the LIO values and condemn Chinese crimes. Three days after the sanctions were announced, lawmakers in Tokyo formed a “cross-party” alliance to create Magnitsky-style legislation while the Japanese ruling party investigates the abuses towards the Uighurs (Kleinfeld & Feldstein, 2021). New Zealand and Australia have also publicly welcomed the sanctions, which is a big step taking into account these countries’ commercial ties with China (one-third of Australia’s exports are directed to China and it would not be the first time that a trade embargo is imposed against Australian criticism).

Overall, our analysis points to a convergence on both strategic-rhetorical and action-based levels of transatlantic relations. But how can we explain coherence as an outcome in the concerted sanctions case? First, when applying realist lenses, one finds the concerted action to also be coherent because it was on both transatlantic actors’ interest to sanction China, while exerting international pressure on one of its defining characteristics: its authoritarian model and its abuses. On the one hand, it is beneficial to the US because it allows for using human

rights accusations as a tool to keep China “in check” and on notice. On the other hand, the EU joins in because sanctions are the only tool in its arsenal, and it is on a topic where member states can—in relative terms—arrive more easily at consensus. Second, in constructivist terms, the coordinated response to Chinese authoritarianism is coherent because it is informed and driven by shared identities, rules, and principles across the Atlantic which credibly punish Chinese violations of human rights and protect the LIO values. In fact, the collective transatlantic identity may have been a greater driving force than the factors arising from a purely interest-based approach. While one may argue that the sanctions came at a “low cost” for the transatlantic powers, Chinese retaliation brought back more sanctions and caused the CAI agreement to be suspended after seven years of negotiation between the EU and China.

To conclude, transatlantic actors have found an overall coherent answer to China’s repression and violations of human rights (which project an alternative authoritarian model to the LIO) because common identities and, to a lesser extent, interests have matched amongst transatlantic actors. In other words, both hypotheses were confirmed. As such, we can substantiate that the concerted sanctions case shows not only considerable horizontal and vertical coherence, but also that both theories help us to explain the reasons why actors embedded in transatlantic relations were able to produce coherent action. Not only did actors commit to horizontal and vertical coherence rhetorically in their strategic thinking about how to address their rivalry with China, but they were also committed to set words in action and launch the sanctions—even at a higher price than expected (see the case of the EU and the suspension of the CAI agreement).

4.2. *The AUKUS Case*

4.2.1. Context

On September 15, 2021, the US, the UK, and Australia announced a security pact (the AUKUS deal) that signals an Asia-Pacific power shift (The White House, 2021). The overarching idea is to create a security deterrence to China: one designed to undermine China’s quest to regional hegemony in the Indo-Pacific. The agreement encompasses the exchange of information and technology in a variety of fields. However, a key component is the nuclear-powered submarines, which will make it harder for China to “project power at sea and control critical lines of communication” with nearby countries (Walt, 2021, para. 5). This component also infuriated France. Australia cancelled a €50 billion agreement signed in 2016 with the French company DCNS (known as Naval Group) whereby Australia’s Navy would acquire 12 Barracuda diesel-powered submarines. Instead, under the tripartite agreement, the US and the UK would provide Australia with consultation on

technology to produce nuclear-powered submarines in Australia. The main difference between the two types of submarines is their propulsion technology (Pfeifer et al., 2021). French officials argue to have offered in June 2021 the possibility to convert the submarines into nuclear-powered ones (Pfeifer et al., 2021).

Although the ambassador of France to the US was sent back on September 22, it was the first time in the 243 year-long alliance between the nations that a top diplomat had been withdrawn. France's Foreign Affairs Minister referred to the deal as a "stab in the back" (Darmanin & Sheftalovich, 2021, para. 2). He also stated that the AUKUS deal "constitutes unacceptable behaviour between allies and partners, whose consequences touch the very foundation of what we do with our alliances and our partnerships and on the importance of the Indo-Pacific for Europe" (Mallet, 2021, para. 3).

On the very next day after the AUKUS deal was made public, Josep Borrell announced the European strategy for the Indo-Pacific, which was overshadowed by the deal. Borrell expressed the following during the press conference regarding the AUKUS pact: "We were not informed, we were not aware...we were not even consulted. I, as [the EU's] High Representative, was not aware of it, and I assume an agreement of such nature wasn't brought together overnight." (Liboreiro, 2021, para. 8).

4.2.2. A Case of Incoherence?

In comparison with the concerted sanctions case, the AUKUS case shows lack of policy coherence and consistency. At a strategic-rhetorical level, research findings point at both horizontal and vertical incoherence. The horizontal incoherence of transatlantic actors becomes evident when we look at the "New Transatlantic Agenda" (June, 2021) by the US and the EU:

We intend to continue coordinating on our shared concerns, including...regional security issues. We remain seriously concerned about the situation in the East and South China Seas and strongly oppose any unilateral attempts to change the status quo and increase tensions. (European Council, 2021, p. 5)

The intentions specified by the agenda were not met by US actions. Moreover, it was now the US, the UK, and Australia that were criticized for a deal which according to the spokesman of the Chinese Foreign Ministry, Zhao Lijian, "seriously undermined regional peace and stability, aggravated the arms race and hurt international nonproliferation efforts" (Kuo, 2021, paras. 2–3). Moreover, the AUKUS case also reveals vertical incoherence between NATO and its members. This shows when analysing the June NATO Brussels Summit from 2021:

NATO's fundamental and enduring purpose is to safeguard the freedom and security of all its members

by political and military means. The evolving security environment increasingly requires us to address threats and challenges through the use of military and non-military tools in a deliberate, *coherent*, and sustained manner. (NATO, 2021b, para. 8; italics by the authors)

Again, the AUKUS case and US actions show a mismatch between NATO's ambitions and the actions taken by its members. Following the Brussels summit, the US could have counted on the EU in its foreign policy towards the Indo-Pacific and against China through the use of a mixture of defence-related and political means. Instead, the US preferred to involve partners that rather opted for launching a military agreement.

At an action-based level, the AUKUS case shows that isolating France (the one EU member state that has been pushing for a European strategy for the Indo-Pacific since 2018) and, most importantly, not to warn EU member states about the AUKUS announcement (weeks after the US' unilateral withdrawal from Afghanistan), weakened transatlantic relations. Hence, at an action-based level, we find horizontal incoherence as the US did not count on the EU in order to avoid inconsistencies in their foreign policy against China, let alone to create synergistic policy-making. The evolving AUKUS case undermined the trust in the already fragile security alliance in general, and among NATO members more specifically (Balfour, 2021; Manson, 2021). Contrary to this case, in other instances, the EU and the US have cooperated using, for example, "good cop, bad cop" tactics that proved successful in deescalating geopolitical tensions, such as the EU talks with Iran that eventually led to the non-proliferation negotiations and the Joint Comprehensive Plan of Action (JCPOA) (Balfour, 2021, para. 11). Instead, the diminished trust after the AUKUS case undermines the possibility of the US and the EU to work together in other policy areas such as climate change or trade in the Indo-Pacific region. For example, in the latter field, China has taken the initiative and applied to join the Progressive Agreement for Trans-Pacific Partnership (CPTPP), a free trade agreement signed under the Obama administration in 2016 but abandoned by Trump.

Overall, from the findings of the AUKUS case, we see that the two levels of analysis do not converge for this case-study, as there is a contradiction between words and actions (i.e., inconsistencies stemming from incoherent policy-making).

Both realism and constructivism help to explain this case "in tandem." From a realist read, coherence shall not always be pursued if it is not beneficial and consistent with the nation's interest. The AUKUS deal is necessary for the US to contain China. Given the non-confrontational stance of the EU towards China in its Indo-Pacific strategy (European Commission, 2021), its lack of military capabilities, and the fact that EU increasingly recognises climate change and the protection of

biodiversity as the “greatest threat of the 21st century” (Balfour, 2021, para. 13), the US may not conceive Europe as a credible or trustworthy security ally. It then appears coherent, from a US-American perspective, to exclude the European allies and create an alternative partnership with the UK and Australia. Nonetheless, also from a realist read, a hegemon needs to secure its allies in order to appear credible and maintain its role; a bare minimum would have been to inform the EU about a security pact “in the making” or, at a maximum, to include it through the use of non-military means as part of its foreign policy towards China. From a constructivist angle, the AUKUS deal signals a geopolitical and geostrategic struggle against China, because even though relevant Western actors (including the UK and Australia) “stroke back” to contain China’s quest to regional hegemony in the Indo-Pacific, overall transatlantic identity, including continental Europe, fell short of creating momentum. On a positive note, constructivism, however, can explain the Europeans’ reaction to the AUKUS deal as a plea for taking decisions based on a collective transatlantic identity where all parties are informed about key geostrategic actions that affect relevant international affairs.

All in all, for the present case, transatlantic actors did not find a coherent answer to China’s rivalry because the US played towards its own geostrategic interests solely and prioritised alternative cooperation with the UK and Australia excluding a common identity-based transatlantic approach (mismatch). Neither HYP1 nor HYP2 were confirmed. Rather, the analysis showcases significant horizontal and vertical incoherence and severe divergence between both levels of analysis—as actors were not able to set words in action.

5. Conclusion

The election of Joe Biden as US President was celebrated across Europe as an opportunity to revive transatlantic relations; a fresh start after the four years of uncertainty, weakening, and instability under the administration of Trump. Using the early Biden presidency as a time-frame and the key rise of China as a rival and contender (subject-matter of much of transatlantic powers’ policy-making), the article departed from the research question “how can we explain coherent actions (or lack thereof) between actors across the Atlantic in their foreign policy towards China?”

By applying realist and constructivist theoretical accounts to a coherence framework of transatlantic relations in two different cases, the concerted sanctions case and the AUKUS case, we were able to point at coherent and incoherent policy outcomes. In the case of concerted sanctions against China, the article showed that transatlantic actors have found an overall coherent answer to China’s repression and violations of human rights because common identities and interests matched amongst transatlantic actors. Both constructivist and, to a lesser extent, realist accounts helped us to explain

the coherent outcome. In the AUKUS case, however, transatlantic actors did not find a coherent answer to China’s rivalry, not the least because the US focused on its own geostrategic interests and prioritised alternative cooperation with the UK and Australia, ruling out a wider transatlantic approach. Especially realist theoretical accounts helped us to show the incoherent outcome, while constructivist accounts remained an asset to explain why transatlantic identity fell short of creating momentum. The differences between the two cases furthermore became evident when we looked at the different dimensions and levels of coherence. In the concerted actions case, actors committed to horizontal and vertical coherence strategically and they were also committed to set strategy in action and actually launch the sanctions. The AUKUS case however showed significant horizontal and vertical incoherence and that transatlantic actors were not able to set strategy in action.

The findings of the article point to several theoretical and empirical implications. On the one hand, both realist and constructivist accounts proved useful to explain the outcomes of the two cases. In other words, while coherence remains a valid conceptual tool to explore consistency and synergy across and amongst transatlantic actors and organizations, it is thanks to the theoretical capacity of realist and constructivist accounts that we can explain why transatlantic relations are coherent/incoherent. As such, the article confirms that a theoretically-infused coherence framework is not only useful to explain the coherence/incoherence of a polity, such as the EU, but also a “lighter” governance arrangement, such as the one of the transatlantic security community. Empirically, the article furthermore confirms that transatlantic relations may not necessarily strengthen, neither weaken, due to a change of US administration. The findings rather point to a continuation of a mix of cooperation and non-cooperation, as we have known it from previous administrations *before Trump*. The difficulty to arrive at a coherent response towards China underlines this mix in the first year of the Biden administration. While the AUKUS case may potentially even weaken transatlantic relations and undermine trust amongst partners, the concerted sanctions case shows that transatlantic relations can also witness coherence and strength, if actors can agree on matching action. While one can see greater coherence regarding the defence of the LIO values when compared to the previous US administration, the security realm may continue to be a source of incoherence in how transatlantic powers approach China.

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Conflict of Interests

The authors declare no conflict of interests.

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Article

The European Union, the United States, and Trade: Metaphorical Climate Change, Not Bad Weather

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Abstract

US and EU trade relations exhibit a set of chronic and secularly unsustainable imbalances, in which new Schumpeterian leading sectors and catch-up growth create growing tension in the asymmetrical and somewhat hierarchical US–EU relationship. These imbalances exhibit two distinct cycles interrupted by a clear structural break in the 1970s and an emerging cycle after the 2008–2010 crises. Each cycle has seen rising US current account or trade deficits with Europe provoke some financial or political crisis. Each crisis produced a US-led solution producing even greater imbalances in the next cycle, with concomitant stress on the asymmetric US–EU relationship. The EU and particularly the northern eurozone economies typically have relied on export surpluses for growth. But relying on export surpluses for growth reinforces EU dependence on the US and the US dollar at a time when US domestic politics are increasingly hostile to trade deficits and tension with China is rising.

Keywords

European Union; institutions; power; Schumpeter; technology; trade

Issue

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1. Introduction

US and EU trade relations historically have been a short-run stable but long-run unstable set of imbalances, in which the asymmetrical, somewhat hierarchical structure of the US–EU relationship mixes with secular trends to produce cycles marked by growing tensions and periodic reconfiguration of the institutional structure regulating trade. Put simply, US elites and many firms sit at the center of an empire-like, but decaying, global structure of power. A mixture of institutionalized cooperation with some European (and Asian) elites and with their militaries sustains this imperial structure. All empires extract resources from their peripheries and all successful empires balance extraction with the institutionalized provision of order and the transmission of production and cultural technologies.

But balancing creates a dilemma. Order, stability, and transmission enable peripheries to catch up with the cen-

ter in economic and, potentially, military terms (Gilpin, 1981; Mann, 1986). While catch-up increases the volume of resources the center can harvest from the periphery, it also potentially creates peer rivals. Imperial elites thus must periodically “de-mature” or reconfigure economic and military power to restore the asymmetries that enabled them to create the empire in the first place. “Must,” however, implies neither “will” nor “will successfully.” Here the critical issue is which firms and whose firms successfully capture the enhanced profits associated with the emergence and monopolization of new Schumpeterian leading sectors after 1800, and whether a domestic political base supports a given global order. Thus, geopolitical and domestic political realities highly constrain state agency.

This article thus surveys the Braudelian *longue duree* rather than the “*histoire evenementielle*” of the US–EU trade relationship, complementing Hjertaker and Tranøy (2022) on the financial linkages and Kerremans (2022)

on the narrower World Trade Organization (WTO) institutional structure. It does so to trace structural economic changes occurring “behind the backs of actors”—Max Weber’s *Auslese* (Breiner, 2004)—as these strongly condition the choice of options available to actors in the struggle for dominance of social arenas in general and, given the focus of this article, markets in particular. Thus, like Smith (2022), the article addresses the structural changes in the global economy conditioning the US–EU trade relationship over the post-war period, rather than looking at “operational” issues over a narrower time frame, such as the workings of preferential trade agreements, the chronology of specific decisions, or specific presidents.

The value added here is identifying the longer-term trends generating broad constraints on national political actors—climate change around trade—so as to avoid too much emphasis on idiosyncratic decisions attached to particular political personalities—the weather. As such, explicit discussions of agency largely drop out for reasons of parsimony. The article thus provides one concrete dimension of the more general framework presented by Smith (2022). In particular, where the data are available, the article focuses on two key bases for economic power: looking backwards, the distribution of global profit in the past 16 years, and, looking forward, the distribution of R&D efforts about present and emerging industries.

Section 2 elaborates the analytic frame. Sections 3 and 4 respectively explore EU–US relations in the automobile and petroleum/Bretton Woods 1 era, roughly 1950 to 1980, and then the information and communication technologies (ICT)/Bretton Woods 2 era, roughly 1980 to 2010. Section 5 discusses the state of play after the 2008–2010 financial crises, focusing on R&D. Section 6 concludes, with particular attention to the questions raised in the thematic issue introduction.

2. The Big Picture

The emergence and maturing of Schumpeterian “leading sectors” drive stability and change in US–EU trade relations over the past 100 years. Schumpeter (1934, 1939) argued that disequilibrium, or punctuated equilibria, rather than a continuous marginalist-style equilibrium, characterized capitalist economies from the early 1800s forward. Great spurts of investment in and development of new products, production processes, energy sources, transportation networks, and corporate forms generated eras of rapid growth. When those new leading sectors matured, eras of relatively slow growth and incremental change emerged. Thus the fourth, automobile and petroleum wave involved the build-out of continuous-flow mass production assembly lines managed by vertically integrated corporations, oil transportation networks and refining systems, roads, and sophisticated logistics systems for moving inputs to factories and product to consumers (Perez, 2010). These leading sectors were interlocked, requiring large complementary investments.

Neither Schumpeter (1950) nor neo-Schumpeterians (Perez, 2010) assumed that growth cycles recurred automatically. Here agency partially enters the story, insofar as geopolitical concerns after 1900 motivated intensive state efforts to promote new technologies and assure a solid commercial base using those technologies. But the imperative to survive highly constrains this agency, as the vast classical realist and neo-realist international relations literature attests. Thus all major powers promoted their motor vehicle industry (Bardou et al., 1982) and even more so aircraft manufacturing (Edgerton, 2005; Trimble, 1986) after World War 1, spurring generalization of mass production techniques. Similarly, national security concerns motivated the US government to fund the R&D and product roll-out generating the vast majority of technologies at the heart of the ICT growth wave (Block & Keller, 2015; Flamm, 1988; Fong, 2000; Weiss, 2014).

A Schumpeterian framework helps surface profits and growth as important sources of global power and thus motivators for state policy. As Bessembinder et al. (2020; Bessembinder, 2018) show, only a handful of firms—a mere 811 firms out of 62,000 listed firms globally from 1990 to 2020—generate significant excess returns above their cost of capital rather permissively measured as the return on a one-month US Treasury bill. Those profits are a significant part of geopolitical power, by partially determining whose economy will grow and whose firms will have the ability to take control of other firms. Most of the firms generating excess returns are the core firms from prior or current Schumpeterian growth waves: Toyota, Exxon, Apple, Merck (US), SAP, Siemens, or Novo Nordisk. Overall, US-headquartered firms accounted for 64% of net excess returns, 1990 to 2020, and it is likely that this share holds true over most of the post-war era (Bessembinder et al., 2020, pp. 49–52).

US innovation of and initial dominance in the production and social technologies of Schumpeter’s petroleum and internal combustion engine fourth wave enabled US global dominance after the 1940s. European catch-up in the production of the “dumb machines” of the fourth wave, and Asian catch-up in production of the low-value consumer goods of the first (textiles) and second (basic metals) waves motivated the first clear structural break with post-war institutions in the 1970s. In the 1980s, the US redefined the global trading and production systems to favor the fifth Schumpeterian ICT plus pharmaceuticals/biotechnology cluster and increased US state support for those technologies. Chinese catch-up in fifth wave ICT and European outright dominance in fourth wave goods led to a second structural break in the 2010s. In different ways, the Trump and Biden administrations represent efforts to construct some stable world order in which US firms dominate fifth wave goods and the emerging sixth wave based on artificial intelligence, genomics, and renewable energy.

This cyclical pattern of order, catch-up, and reconfiguration is secularly unsustainable. First, in each cycle

rising US current account or trade deficits with Europe led to a financial or exchange rate or political crisis—often different aspects of the same problem. Each crisis produced a US-imposed or US-led solution leading to even greater imbalances in the next cycle. Sustained US current account deficits do transfer real resources to the US, but those manufactured goods imports also imply a profound hollowing out of the US economy and the political bases of support for an open trade regime; *vide* the populist surge that produced the Trump administration. And in each cycle the scale of the US current account deficit relative to US gross domestic product (GDP) has increased, leading to a cumulative increase in US net foreign debt relative to GDP and thus perhaps doubts about the durability of the US dollar. These undercut the US commitment to and other countries' adherence to the current trade regime.

Second, the political economy of the EU and especially the eurozone tends towards domestic economic stagnation and thus a structural reliance on current account surpluses for their margin of growth. Successful late development in northern Europe in the 19th century and after each World War produced a set of largely demand-deficient political economies that depended on external demand, mostly from the US, for their margin of growth. In the language of *Varieties of Capitalism* (Hall & Soskice, 2001) the EU's core economies are largely coordinated market economies (CMEs) characterized by sector or national level wage bargaining that tends to depress wage growth and wage levels relative to GDP as compared with the liberal market economies (LMEs) characterized by uncoordinated bargaining and significant wage dispersion. This literature tends to focus on wage compression as the outcome of bargaining in CMEs, but Baccaro and Pontusson (2016; see also Dao, 2020; Manger & Sattler, 2020) argue that wage and thus demand repression characterize many export surplus CMEs. The data also support repression. Private household consumption in the export surplus CMEs (Austria, Belgium, Denmark, Finland, France, Germany, Netherlands, Sweden, but excluding oil-exporter Norway) was a weighted average of 52.7% of GDP from 1995 to 2019, versus 64.9% for the major current account deficit LMEs (Australia, UK, Canada, New Zealand, and the US); total consumption (private plus government) shows a smaller but still significant 7.1% of GDP difference (European Union, 2021a). Depressed demand typically produces slower growth despite the contribution of export surpluses: Real per capita income in standard international dollars in these CMEs grew by a weighted average of roughly \$14,066 from 1995 to 2019, versus \$18,455 in these LMEs (International Monetary Fund, 2021).

Baccini et al. (2021), who compared current account outcomes by looking at tariff levels and manufacturing employment in European CMEs and LMEs, imply that chronic US current account deficits stem from *Varieties*-style wage bargaining differences. But wage coordina-

tion and union density has been declining secularly in CMEs (Baccaro & Howell, 2017) even as surpluses have grown, as manufacturing shrank as a share of GDP everywhere, and as tariffs became largely irrelevant to the industries at the heart of the ICT growth wave.

Third, EU and eurozone current account surpluses imply the accumulation of dollar-based assets, locking EU financial systems to use of the US dollar (Beck, 2021; Schwartz, 2019). Any significant decline in US growth and thus the centrality or value of the US dollar threatens decades of accumulated European wealth and profits. Simultaneously, any reduction of US current account deficits would decrease EU and even more so eurozone growth. Like St Augustine, eurozone states prefer endogenously driven growth, "but not yet...," even as their surpluses weaken US export capacity.

Finally, US firms will not necessarily dominate sixth wave industries. China's state has devoted enormous resources to catching up in sixth wave technologies, particularly artificial intelligence and the manufacturing side of renewable energy (Allen, 2019; Jaffe, 2018; Rikap & Lundvall, 2021). European states and firms are similarly trying to catch up in fifth wave and leap to sixth wave sectors through efforts like Germany's *Industrie 4.0*. Catch-up implies even larger US current account deficits, a larger net foreign debt relative to GDP and thus diminished room for the US state to shape the global trade environment through market access and political pressure.

This gradual decay of US hegemony (Reich & Lebow, 2014), or, more narrowly, of the US-orchestrated global trading regime, thus presents a profound problem for the EU—and even more so the eurozone—as a status quo-oriented power relying on trade surpluses for growth. The EU confronts climate change rather than temporary bad weather in the global trade regime. And despite Brexit, the EU is more fragmented than ever, hindering a coherent response to this economic climate change.

The transition from the nearly mature ICT growth cluster towards an industrial base combining the fifth and the emergent sixth Schumpeterian growth cluster based on artificial intelligence, genomics, and renewables will potentially shift the locus of power to whichever political systems can define the global rules for intellectual property rights (IPRs) and the finance sector. These issues were at the heart of the now-defunct Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) negotiations. Power in the fourth growth cluster rested more on actual control over physical capital and tacit knowledge than on rules and IPRs (Perez, 2010; Schwartz, 2016). But value and profit increasingly accrue to firms that control robust IPRs rather than firms that understand manufacturing processes and design for manufacture (Schwartz, 2020). Relatively speaking, more US and Asian than EU firms are in the former category. The US and China are currently struggling to assert control over the production of IPRs and related standards, with the EU largely reduced to a

rule-taker rather than a rule-maker except in the area of anti-trust. Europe's choice is increasingly between remaining a junior partner in a US-structured global division of labor or having its major industries displaced by aggressive Chinese industrial policy.

This choice is nothing new in US–EU trade relations. After 1945 Europe largely acquiesced in a US-led global division of labor in which the European Economic Community (EEC) and then the EU in the aggregate produced goods from an earlier round of Schumpeterian growth, while the US introduced goods and services from the new cluster of leading sectors, as the profit data below will show. That said, the EU has struggled against this division of labor and its associated vulnerabilities using offensive state industrial policies targeting the various new leading sectors, and the defensive deployment of aggressive anti-trust policy.

3. Bretton Woods 1, 1950–1980

During the first Bretton Woods era, roughly 1950 to 1980, US–EU relations were in the southeast quadrant of Riddervold and Newsome's (2022) schema—a unified EU confronted a hegemonic US. The emergent EEC faced a complex dilemma: reconciling its security dependence on the US and the need to earn US dollars to pay for food and energy imports with the desire to catch up in terms of productivity and export competence (Strange, 1971).

This dual dependence made it difficult for EEC members to block the return or arrival of US multinational corporations (MNCs). Although the General Agreement on Tariffs and Trade (GATT) gradually lowered tariff barriers, impatient US MNCs jumped over the significant tariff and currency control barriers of the 1950s (Baldwin, 1984, p. 6; Bown & Irwin, 2015) to produce directly inside the EEC, often with US government pressure (Gowa, 1985). Generally, this took the form of self-contained national production systems—they thus were multi- rather than transnational or global firms. US MNCs' productivity advantages gave them dominant or significant positions in the major sectors of the fourth growth wave, like automobiles, aircraft engines, or petrochemicals, as well as the major sectors of the nascent fifth, or ICT revolution (Wilkins, 1974). US firms in Europe constituted a near-extraterritorial economy, producing 80% of Western Europe's computers, 24% of its motor vehicles, 15% of its synthetic rubber, and 10% of its petrochemicals in the 1960s (Servan-Schreiber, 1969, pp. 14–15). This production displaced direct US exports to Europe.

European states were not passive in the face of the threat that US firms might lock European firms into older, less dynamic sectors. Almost every European country tried to expand indigenous automobile production (Van der Pijl, 1986; Zeitlin & Herrigel, 2000). UK aside, local firms in the major EEC economies kept control over their automobile markets and eventually became successful exporters (Reich, 1989). By 1980, US MNC auto firms accounted for only 20 to 25% of sales in EEC

markets and a few European producers had established reputations as producers of high-quality vehicles. Still, Germany aside, European producers lagged in productivity terms (Altschuler et al., 1984). European states had similar mixed success defending the high-tech sector of the fourth industrial revolution, civil aircraft production. Aircraft production is even more sensitive to economies of scale than automobile production, so European states consolidated their fragmented producers into Airbus in 1970. But Airbus did not generate significant net exports or import displacement until the 1990s.

Meanwhile, efforts by states and the EEC to generate a robust set of firms in fifth wave core ICT sectors largely failed in the absence of the focused approach to technology development characterizing US government and particularly defense/space contracting (Flamm, 1988; Sandholtz, 1992). Pan-EEC research projects for semiconductors, computing, and telecommunications in the 1980s created only a handful of marginally competitive firms (Duchene & Shepherd, 1987; Sandholtz, 1992, pp. 113–124). That said, a few specialist firms did succeed, like the Nordic telephony giants, the Dutch ASML (semiconductor production equipment), or STMicroelectronics and Infineon (mostly automotive semiconductors). By 2020 EU semiconductor firms had a global market share of 10%, versus US-based firms' 47% share or Korean firms' 20% share; US firms captured 50% of the EU semiconductor market by value (Semiconductor Industry Association, 2021, pp. 3, 5).

4. The Breakdown of Bretton Woods 1 and the Shift to Bretton Woods 2

In this first trade cycle, trade largely occurred along intra-industry lines, exchanging differentiated commodities inside the same industrial sector. Thus, Germany and Italy might exchange Volkswagen Beetles and Fiat 124s. Intra-industry trade enabled local firms to capture whatever value was created in commodity chains that largely were confined within national boundaries. Meanwhile, US firms were shifting from multi- to transnational production, further eroding US exports as low-value manufacturing operations shifted offshore to low-wage zones (Durand & Milberg, 2019). This combined with the rising competence of EEC firms in fourth Schumpeterian wave goods to motivate the US state to change the Bretton Woods 1 regime. Put simply, fixed European exchange rates against the US dollar combined with steady productivity growth above the American rate (Figure 1) to shift relative unit labor costs in favor of European exporters. European currencies were somewhat overvalued at the beginning of the 1950s, but by the 1960s they had become undervalued against the dollar and US inflation was above continental (though not British) levels.

European (and Japanese) catch-up and the looming arrival of US trade (not just current account) deficits provoked the US state to change the rules of the game, making Europe's position as a rule-taker rather than a

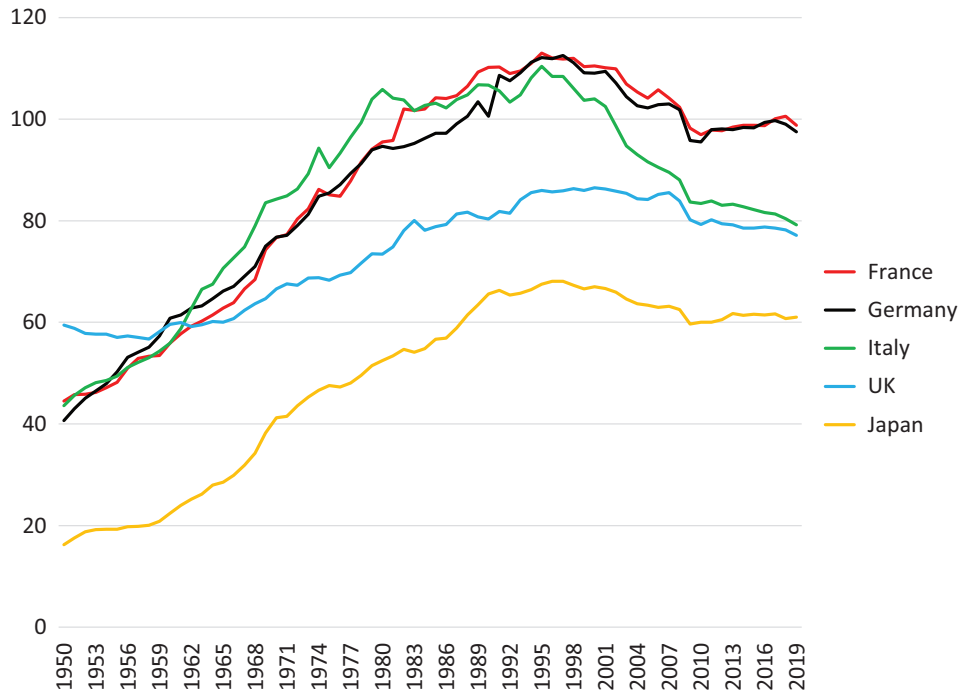


Figure 1. Relative productivity: output per hour as % of US (i.e., US = 100 for all years), 1950–2019. Source: Calculated from Conference Board (2020).

rule-maker painfully clear. Facing German reluctance to revalue the DMark, the US re-wrote the rules of the international monetary system to grossly and subtly shift the rules of the trading system in favor of US firms. The “Nixon shock”—a 10% dollar devaluation and 10% tariff increase—temporarily created a significant US surplus with Western Europe (Figure 2).

The “Nixon Shock” and the end of the Bretton Woods currency regime tend to get the most academic attention, but this obscures three equally significant changes in the interregnum between the first and second cycles. First, Europe’s great productivity catch-up largely ended by the 1980s as output plateaued for fourth wave goods. Second, related, Western European growth rates slowed

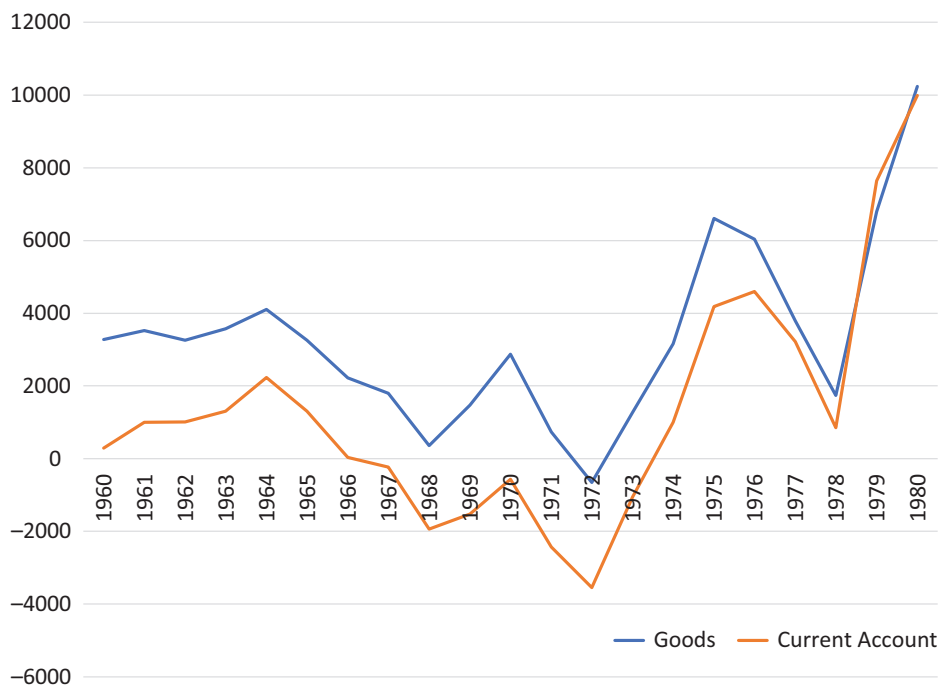


Figure 2. US current account balance with Western Europe, millions of 1970 US\$, 1960–1980. Source: Calculated from US Bureau of Economic Analysis (2022).

significantly. Slower productivity and population growth in what became the EU12 reversed the productivity and growth relationship between the US and EU12 (Figure 1). The US began outgrowing the EU12 in the 1980s, despite a worsening current account, as its ICT and pharmaceutical sectors began an era of rapid growth.

Third, the US government tried to use the 1973 Tokyo GATT round to subtly shift trade regulation away from tariffs and towards issues like IPRs that favor emerging US competencies in fifth wave ICT goods and services, significantly expanding the GATT's remit. The Tokyo round brought dairy and meat products into the GATT. Second, it implicitly brought some public procurement into the GATT by incorporating trade in civil aircraft—almost all European airlines were state-owned. Third, it put non-tariff barriers onto the table. Finally, in a critical change, and building on the 1970 Patent Cooperation Treaty ratified in 1975, the US opened up the issue of IPRs, hoping to export the US legal regime around IPRs to the rest of the world (Drahos & Braithwaite, 2017, p. 86, 109; Hurt, 2015).

While that last ambition lay barren at Tokyo, it became a central feature of the 1986 Uruguay round establishing the WTO (Sell, 2003). By that time, US domestic IPR law had undergone significant changes favoring firms possessing potential intellectual property (IP). For example, US judicial decisions and legislation permitted patenting of novel biological entities in 1979 and copyrighting of software in 1980. The WTO's Trade-Related Aspects of Intellectual Property Rights agreement would generalize some of this to the international trade regime, just as the US economy entered the fifth Schumpeterian boom. Europe's own IPR-oriented ICT and pharmaceutical firms constituted an intra-EU lobby supporting these US initiatives at the Uruguay round (Osgood & Feng, 2018; Sell, 2003).

By 2010, transnational corporations (TNCs) accounted for 80% of gross global trade, with 46% of that trade occurring as administered trade inside TNCs and their tied subcontractors, and an additional 33% as arm's length purchases (United Nations Conference on Trade and Development, 2013, p. 135). This displacement of intra-industry trade by a complex global division of labor reflected the relative success of the EU and its member states in safeguarding their firms. Where US firms had multinationalized into the EU in the Bretton Woods 1 era, EU firms now returned the favor by establishing production facilities in the US during Bretton Woods 2.

But in another sense, much European foreign direct investment into the US or North American market simply consolidated continental EU firms' grip on older leading sectors confronting slower growth, weaker profits, and the threat of disruptive technological change. By the time German automakers established a US production presence, the value added in vehicle production had already begun to shift away from assembly and to a lesser extent design towards electronics and software. By 2017, roughly 40% of the value in a vehicle came from

electronics and software (Deloitte, 2019, p. 12). EU domiciled firms like NXP, STM, and Bosch retained a considerable share of this value added, at 31.6% of the world market for automotive semiconductors in 2021, though somewhat below the EU's 40% share of automobile sales by value (Infineon, 2021, p. 21). But EU chip firms' concentration on internal combustion engine control modules left them vulnerable to the electrification of engines that the sixth Schumpeterian wave portends.

Meanwhile, the US state helped shift the US economy towards ICT and other information-based industries in the face of rising EU and Japanese competitiveness in fourth wave goods (Block & Keller, 2015; Weiss, 2014). The US state channeled significant R&D funding into ICT and bioengineering, created a legal framework enabling profitability for those industries, and deepened integration with Asian economies capable of supplying cheap labor for US TNCs. US firms and the US economy achieved broad gains through an ICT-driven transformation of many service sectors. In the service sectors that matter most to business—telecommunications, transport, power generation, and retail distribution—US productivity advantages over Japan and Germany were already considerable, and ICT linked all parts of the supply chain on a real-time basis to facilitate the reduction of waste and reduce inventory costs. Total non-farm US productivity grew about 3% per year during 1995–2004, versus 1.5% in the EU. US productivity gains occurred disproportionately in the service sectors, at nearly six times the rate in the EU (van Ark et al., 2008, p. 38).

Some EU firms benefited from the changing global trade regime and the continued integration of the EU into what was becoming a more hierarchical global economy. Service sector and ICT firms like Deutsche Telekom, SAP, and DHL, as well as the transnational automobile firms mentioned above, aggressively expanded in the new environment, and supported the WTO's stronger protections for IPRs (Drahos & Braithwaite, 2017; Osgood & Feng, 2018). Novartis makes roughly 40% of its revenue in the US market; about half of Philips' medical imaging sales by value are in North America. But overall, the shift towards global commodity chains and vertically disintegrated firms largely benefitted US firms with robust IPR portfolios.

Vertical disintegration and supply chain globalization shifted the industrial structure away from the "Fordist" duality of large, integrated industrial and service firms and small, lower profit ancillary firms towards a new economy industrial organization with, in ideal typical terms, three layers of firms (Durand & Milberg, 2019; Rikap & Lundvall, 2021; Schwartz, 2020). This change in corporate strategy and structure concentrated profits into a set of relatively small, human capital-intensive firms whose profit strategy involves capturing value via monopolies based on control over IPRs. Their robust IP portfolios prevent or discourage competitive entry, generating large profit volumes. A second set of firms seeks profit through control over physical capital-intensive

assets and/or the possession of tacit knowledge (as with the German *mittelstand*). Investment barriers to entry, significant tacit production knowledge, and horizontal concentration through merger enables them to capture modest profits volumes. The semiconductor industry exemplifies high barriers to entry: \$10 to \$15 billion for a state of the art (below 3-nanometer) semiconductor fabrication plant that might be obsolete in a handful of years. Finally, a third set of firms employs vast swathes of the labor force to provide low-wage, low-skill, labor-intensive manufacturing and service production with few barriers to entry. While their profit *rate* might be high—they are highly exploitative—their profit *volume* generally is low.

US firms largely dominate this global division of labor, with mostly Western European firms (and Japanese, Korean, and Taiwanese firms) in the middle layer, and low-wage Asian firms (and domestic labor suppliers like Randstad or Hartz 4 workers) in the bottom layer. Think Apple—STMicroelectronics—Foxconn. But equally so, the large mass of franchise businesses based on brand also have this same structure of IPR firms, physical capital owners, and labor suppliers: brand owners like Accor, Hilton, or Marriott, that own few buildings—Real Estate Investment Trusts that own most buildings—labor suppliers like Hospitality Staffing Solutions or Adecco. Obviously, hybrid firms that do not perfectly fit these ideal types also exist, like Intel (blending patented/copyrighted designs and software with capital-intensive production of chips), or Bosch (design and software embedded in physical electronics or power generation equipment). Equally so, some European firms sit at the top of complex global value chains. IKEA, for example, is structured as pure IP holders (the Interogo Foundation and Inter IKEA Holdings) that license that IP to the actual stores (which are set up as independent firms) and stock those stores with furniture whose parts are made by firms employing low-wage workers in, among other places, rural America.

The disproportionate representation of American firms in the IPR layer means that US firms capture a disproportionate share of the profits of large global firms, which in turn capture a large share of all global profits (as far as this can be measured; see Table 1). American firms captured over a third of the cumulative profits of the 4,157 firms ever appearing on the *Forbes* Global 2000 annual list of the largest global firms from 2006 to 2021 (i.e., for corporate fiscal years 2005 to 2020; Murphy et al., 2021). This substantially exceeds the US share of global GDP at nominal exchange rates. The EU as a whole meanwhile performed under par, and the eurozone even more so, reflecting the absence of the UK, Sweden, and Denmark. Table 1 shows the aggregate effects of the concentrated excess returns Bessembinder et al. (2020) document.

Britain, France, Sweden, and Denmark all have major firms in the ICT, software, and pharmaceutical sectors and above par shares of profits. But overall, the EU lags in the shift away from fourth (automobiles and oil) generation to fifth (ICT and IPR) and sixth (artificial intelligence, genomics, but less so renewable energy) generation goods. EU firms—particularly German ones—largely dominate sectors with limited growth potential, like non-commodity chemicals and automobile assembly and parts. Data on the 20,000 largest consolidated firms in the Bureau van Dijk Orbis database, 2010 to 2018, show that 92 IPR-based firms in the top 500 firms by cumulative profit captured 15.6% of all pre-tax profits for those 20,000 firms. US firms in that group of 92 captured 67.9% of the 15.6%. By contrast, German and Japanese firms captured 62% of the 3.8% of cumulative profit accruing to the 29 automobile firms in the top 500 (Schwartz, 2021, p. 21).

Profits enable R&D for future growth. As in Bretton Woods 1, the EU, its member states, and European firms have tried to increase EU firms' presence and competitiveness in fifth and sixth wave sectors. But the political

Table 1. Share of cumulative profits for 4,158 firms in the *Forbes* Global 2000 from 2006 to 2020 and share of global GDP, 2019 by country/region.

Firm HQ	1: Profit share (%)	2: GDP share (%)	Ratio 1::2
USA	34.4%	24.2%	1.42
EU	20.0%	21.9%	0.91
of which:			
Eurozone	13.2%	16.1%	0.82
France	3.6%	3.3%	1.09
Germany	3.4%	4.7%	0.72
Italy	1.1%	2.4%	0.43
for reference:			
UK	4.8%	3.3%	1.44
China + Hong Kong	14.5%	16.2%	0.90
Japan	6.9%	5.9%	1.17
Korea + Taiwan	3.7%	2.6%	1.43

Source: author calculation from *Forbes* (2021) and International Monetary Fund (2021).

and economic salience of fourth wave firms in Germany and to a lesser extent France means that the bulk of European R&D spending tends to go to older sectors like vehicles, oil, and gas (largely on account of France and the UK; see Figure 3). Likewise, the EU’s health care equipment presence largely rests on two firms, Siemens and Philips.

By contrast, US firms clearly dominate R&D in the fifth Schumpeterian wave software and technology hardware sectors. US pharmaceutical firms accounted for nearly half of cumulative pharmaceutical R&D spending from 2003 to 2019, and two non-member states—UK and Switzerland—account for an additional 22% (European Union, 2021b). More narrowly, the bulk of sixth wave biotechnology R&D occurs in the US; US firms accounted for 84% of cumulative R&D and 76% of capital expenditure for this sub-sector. While US pharmaceutical firms do contract out R&D to European firms, as with the famous Pfizer-BioNtech Covid19 vaccine, the reverse is also true and favors US institutions. Bibliometric data show that the top 10 US pharmaceutical firms by publication count conduct 80% of their research in the US and 17% in Europe, versus 66% in Europe and 30% in the US for the top 10 European firms (Tijssen, 2009, pp. 867, 870–872).

Overall EU firms’ total R&D expenditures lag. Cumulative R&D spending by all EU firms (net of the UK) in the 5,303 highest R&D spending firms from 2003 through 2019 amounted to €2.1 trillion, as compared to

€3.4 trillion for the US or €1.5 trillion for Japan (European Union, 2021b). Adding UK, Switzerland, and Norway brings the EU total to €2.8 trillion, or 84% of the US total. EU output of high-technology manufactured value-added also has substantially lagged US and Asian output since the mid-1990s. The EU’s share of global high-tech value-added fell from 28% in 1990 to 18.4% in 2003. The differences in profitability and the significance of IPRs can also be seen in the relative share of ICT capital compensation in GDP (Figure 4). The relatively low share in Germany and Italy confirms the point made above, namely that the bigger EU economies are overly oriented towards sectors with limited growth potential, even if considerable tacit production knowledge protects their market share.

EU growth is thus hostage to debt-financed growth and import consumption in the US and UK. The EU surplus economies in effect offer vendor credit to these economies, accepting dollar- (and to a lesser extent pound sterling) denominated debt instruments and real estate in return. From 1992 to 2018 the US ran a cumulative current account deficit of \$10.6 trillion or roughly 60% of 2018 US GDP. This amounted to about 0.8% of global GDP annually and half of cumulative global current account deficits over that period. On the other side, the countries that eventually comprised the eurozone ran a \$1.8 trillion current account surplus. Not all of that was with the US, but clearly, a world without the US deficit would have found it difficult to accommodate

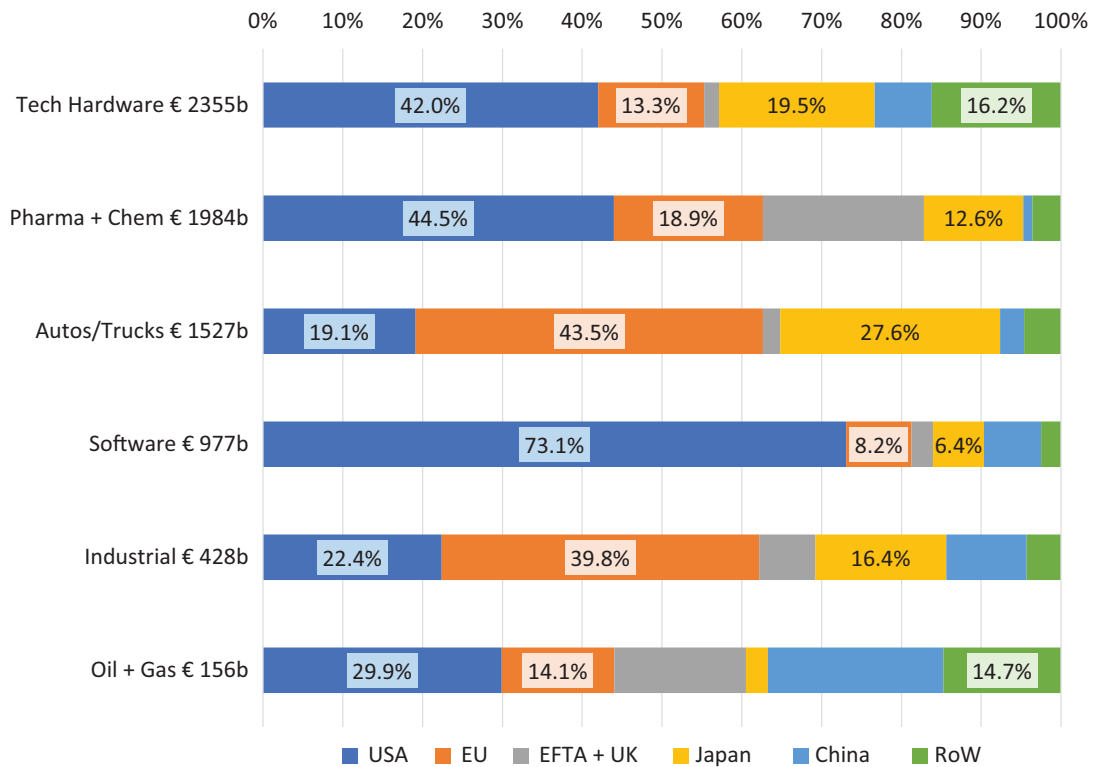


Figure 3. Country shares of cumulative R&D spending by 5,303 highest spending firms, 2003–2019, disaggregated by sector. Notes: Tech Hardware = Semiconductors, computer equipment, telecommunications equipment, health care equipment, electronics; Industrial = residual manufacturing sectors. Source: Author calculation from European Union (2021b).

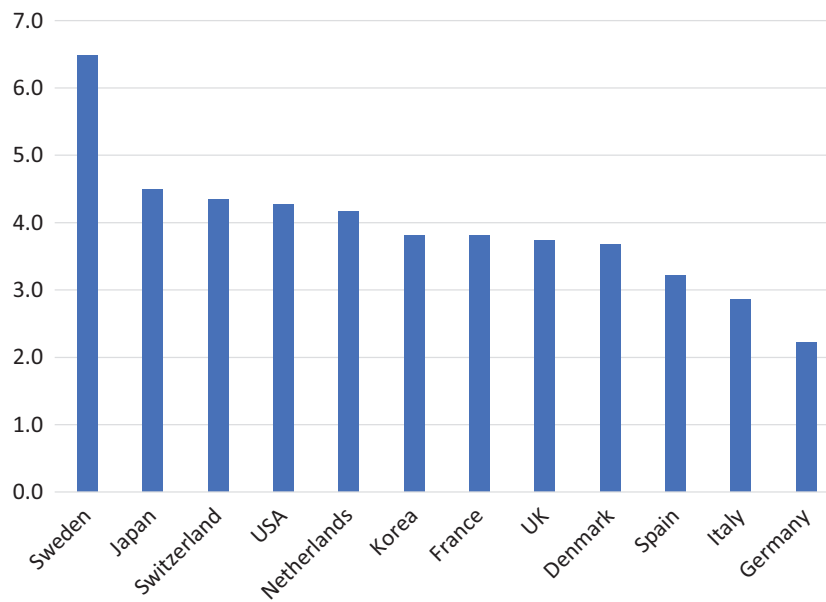


Figure 4. Share of ICT capital compensation in GDP, average 2001–2019, %. Source: Author calculation from Conference Board (2020).

the eurozone surplus, especially given the EU’s deficit with China.

To sum up, during Bretton Woods 2 the relationship between US and EU GDP and productivity growth rates reversed, with the US consistently outgrowing the core EU economies as fifth wave leading sectors emerged in the US. The structure of trade shifted from intra-industry trade flows to a continental- and global-scale division of labor as the industrial structure shifted from vertically integrated to disintegrated firms. US firms dominated this new industrial structure with respect to much of high tech and, via IPRs, much of the profit generated by these global chains.

Yet as in Bretton Woods 1, endogenous dynamics brought this era to an end. Low-wage Chinese exports and the eastward migration of the German automobile supply chain undermined wages and financial security at the bottom and middle of the labor market in the US and EU (Emmenegger et al., 2012). In Germany, the bottom three deciles of workers by income saw declining real wages from 1995 to 2017 (Dao, 2020; Goldschmidt & Schmieder, 2017). Increased household borrowing mitigated rising insecurity and housing prices until the financial crises of 2008–2011.

As in the 1970s, crisis provoked changes in the global trading regime and parallel shifts in global finance. These left the EU in a precarious position. Growth increasingly relied on external demand after the euro crisis, but continued access to the EU’s two major export markets came into question. The Trump administration unilaterally imposed or threatened tariff increases, which, as of early 2022, the Biden administration largely retained. China’s stimulus packages—critical for German export success—began yielding less and less in the way of growth, with China’s official annual GDP growth rate

declining by 40% after 2010. Finally political instability emerged everywhere: Brexit, US–Chinese trade and security tensions, US electoral turmoil, populist electoral surges in the EU, and, of course, Covid-19.

5. A Second Interregnum?

Unlike the 1970s transition, the shape of the current transition remains unclear. The sunk cost of global commodity chains and existing treaties build in considerable inertia, as manufacturing and even many services cannot be redeployed instantaneously, least of all between the highly integrated Atlantic economies. Still, four things are reasonably clear.

First, US-based ICT and bio-pharma firms, along with other IPR-based firms, are likely to continue capturing a disproportionate share of global profits. This validates the dollar-denominated assets export surplus economies accrued over the past three decades. By stabilizing the US dollar’s centrality these profits enable the EU’s CMEs to continue to run export surpluses, yet simultaneously erode the US manufacturing base, weakening the dollar’s credibility. Going forward, much depends on whose firms dominate sixth wave leading sectors and the dollar’s credibility.

Second, global trade growth is slowing. Global trade growth slowed from its 6.4% annual average increase, 1991–2007, to only 2.4%, 2013–2019 (World Trade Organization, 2021). EU GDP growth depends considerably on running a current account surplus. Exports of manufactured goods make up a much larger share of EU than of US GDP at 12.3% versus 8.1%. The EU manufactured goods surplus and the US deficit are symmetrical at roughly 4% of GDP. This European strength is also a massive vulnerability, reflecting Germany’s deep

specialization in automobiles. Yet the critical automobile sector is clearly dematuring. As electric vehicles replace internal combustion engine ones, new competitors—particularly Chinese firms enjoying huge subsidies—are emerging, and value may shift towards US strengths in software and autonomous driving. More generally, one-fourth of firms surveyed by McKinsey were re-localizing supply chains in 2018, well before Covid-19 (McKinsey Global Institute, 2019, p. 10).

Third, domestic and global politics threaten Atlantic amity. The EU's €400 billion annual current account surpluses have already provoked a trade backlash from the US that has outlived the Trump administration (and extends beyond Europe). Suppressed domestic demand in the EU also may have a limited political shelf life. The US and EU lack the security conflicts characterizing the US–China relationship, but economic relations are increasingly hostage to diverging security policy preferences over Russian natural gas and Chinese telecommunications equipment. Core organized interests in the EU—read German manufacturers—are reluctant to endanger continued sales to China by supporting US security initiatives against China.

Finally, China and Russia have much to gain politically from a deteriorating EU–US trade relationship. China and to a lesser extent Russia are trying to change global institutions to reduce US power and delink the EU from the US (Johnston, 2019). Thus, China's Belt and Road Initiative is an effort to tie together a continental Eurasian market, especially around energy supply (Umbach, 2019). Similarly, Chinese proposals to replace the dollar with some denationalized global currency directly attack the benefits the US gains from dollar centrality (Eichengreen & Xia, 2019).

6. What Now?

What do the issues raised above say about the theories of international relations raised in the introduction? The EU still finds itself in a trade world structured by institutions largely reflecting US interests, in a dollarized global monetary system, and in which northern Europe needs trade surpluses to attain even modest growth rates. Internal political divisions and an ongoing slow-motion banking crisis characterized by very low profitability and return on equity after 2010 (Enria, 2021; KPMG, 2021) hamper EU efforts to re-write the rules of the international system.

For realist scholars, security threats from Russia and economic threats from China should motivate the EU to line up with the US. But the EU's most successful and productive economy needs Russian inputs and Chinese and American markets for growth and profits. These unit-level considerations dampen system level signals about the changing balance of power.

For institutionalist scholars, EU paralysis while facing America's unilateral changes in trade policy and tariff threats is also puzzling. Institutional and inter-

governmental perspectives miss how the US ability to change institutional rules flows from a hierarchical global system. Moreover, internal economic interests divide the EU. Profits for Europe's high tech and IPR-rich firms rely on the TRIPs and on integration into US firms' commodity chains. The US thus finds allies in EU domestic politics who support the global status quo.

Endogenous change in the structure of production drives change in the EU–US trade relationship. With multiple industries in flux as the fifth industrial revolution matures and as the sixth begins, the EU–US trade relationship will necessarily change as well. Unlike the Bretton Woods 2 era, though, the rules are unlikely to be written unilaterally by the US, given an increasingly powerful China and politically divided America. Moreover, US geostrategic attention is likely to remain focused on the Indo-Pacific region until it becomes clear that China accepts the current status quo. As a status quo, trade-dependent polity, the EU faces hard choices. The US need for allies to help contain China gives the EU leverage, but the Russian invasion of Ukraine revealed the EU's profound security dependence on the US. Simultaneously the EU relies equally on the US and Chinese market. The subtle difference here, however, is that US exports compete with Europe's future production, while China's exports compete with current European production.

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Conflict of Interests

The author declares no conflict of interests.

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Article

The Dollar as a Mutual Problem: New Transatlantic Interdependence in Finance

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Abstract

When the 2007 global financial crisis hit financial markets, European leaders were quick to point the finger at US markets, excessive risk-taking, and insufficient regulation. However, it soon became apparent that European banks were more exposed than their Wall Street counterparts. With massive dollar liabilities, European banks were dependent on the US to act as a global lender of last resort. The crisis revealed a level of transatlantic interdependence that had been unknown to most observers and policymakers prior to the crisis. We argue that this represents a paradox, given that the project of the European Monetary Union was partly motivated by a desire to make Europe more independent from the US dollar. The euro was a response to the challenge of “it’s our dollar, but it’s your problem.” In this article, we examine how the European vulnerability to the US dollar that began post-Bretton Woods did not, in fact, disappear with the creation of a European currency. Instead, through financialization and deregulation, European financial markets developed new, complex interactions with US financial markets. This financialization of transatlantic banking flows created a new type of interdependence. As European banks were so heavily invested in US markets, this gave the US authorities a direct interest in bailing them out. While cross-border banking flows have decreased since the crisis, the interdependencies remain, and currency swaps were used once again to handle the economic fallout from Covid-19. In the area of financial and monetary policy, the transatlantic relationship remains strong and stable within a dollar hegemony.

Keywords

central banks; dollar hegemony; financial crisis; financial interdependencies; swaps; transatlantic banking flows; US power

Issue

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1. Introduction

On 16 September 2008, the day after Lehman Brothers filed for bankruptcy and global financial markets went into a tailspin, the Federal Open Market Committee (FOMC) of the US Federal Reserve (Fed) convened a meeting. The top item on the agenda for the meeting was the impending collapse of the world’s largest insurance company—the American Investment Group (AIG). That morning, however, AIG was moved down to second

place, superseded by the unfolding situation in European markets. What in the initial months of the crisis appeared to be an American problem in origin and consequence turned out to be a more severe threat to Europe. Large financial institutions in Europe were revealed to have invested in riskier assets than their American counterparts, and they had done so with more leverage. This meant that European banks had large, risk-filled balance sheets, with massive dollar liabilities. When credit and currency markets started to freeze in 2007, European

financial institutions faced an existential threat. They needed dollars to roll over their short-term debts, but their own central bank could only provide liquidity support in euros. While converting currencies through swaps and other financial instruments is unproblematic in stable times, the cost of such currency operations skyrocketed when the crisis hit, creating a “financial avalanche” for European banks (Tooze, 2018, p. 154).

During the global financial crisis of 2008–2009, the American central bank would go on to make billions of dollars available to European financial institutions, effectively rescuing the European financial system from collapse. This help was provided directly, with the unprecedented move of giving foreign banks with branches in the US access to American liquidity facilities. Another channel was indirect, with the Fed opening up what became an unlimited currency swap with the European Central Bank (ECB). This enabled the ECB to provide dollars to its financial institutions.

These events raise a series of important questions: First, how did European financial institutions end up in a situation where they had to rely on American help to survive the crisis? Second, why did the Americans so generously provide this help, given the domestic political risk this entailed? Third, why did the Europeans initially decline the American offer? Finally, what does this story tell us about the transatlantic relationship in the realm of financial and monetary affairs?

We argue that the events of 2008 and 2009 represent a paradox. An important motivation behind the establishment of a common currency in Europe was to reduce Europe’s vulnerability to fluctuations in the value of the dollar. Yet, 2008 showed that financial globalization had created increased interconnectedness with and vulnerability to US financial markets, through the creation of a “European banking glut” (McCauley, 2018), with large cross-border banking flows running across the Atlantic. This banking glut brought the European financial system to the brink of collapse, from which it was only saved with American help. While European efforts in the 1980s and 90s to escape the negative effects of the dollar’s hegemony on intra-European exchange rate stability were a success, Europe’s autonomy vis-à-vis the US was undermined by a process of financialization that entwined US and European financial stability to a degree never seen before.

In terms of the conceptual scheme upon which this thematic issue is based (Riddervold & Newsome, 2022), these developments tied the economic material interests of the US and the eurozone closely together, creating a more symmetrical kind of interdependence than in the 1970s, when Treasury Secretary Connally could boast that “it’s our dollar, but it’s your problem.” The mutual financial vulnerabilities this interdependence created were handled by employing existing institutions in new ways. On the ideational level, Europe’s ambitions of independence arguably fed into an initial response of denial, before the brute facts of

Europe’s reckless banking practices caught up with the eurozone’s decision-makers.

We examine the transatlantic financial relationship as it developed through different historical periods: from the immediate post-Bretton Woods era in the 1970s and 80s, to the first decade of the euro and the 2008 global financial crisis. We show that policymakers on both sides of the Atlantic were unaware of the vulnerabilities that were building up in the European banking system. When the crisis broke, Fed officials quickly realized that a range of bankruptcies in Europe would threaten the stability of US financial markets and saw it as being in the interest of the US to offer Europe help. At first, the Europeans clung to the notion that this was primarily an American crisis and hesitated to accept this assistance. Eventually, however, they did accept the help offered by the Fed.

In contrast with other transatlantic issue areas covered in this thematic issue, we see great stability in monetary and financial affairs. In terms of meaningful actions, the relationship was strengthened by an unprecedented financial crisis. While the creation of the European Monetary Union was an attempt to create more exchange-rate independence for Europe, developments in financial markets paradoxically created new, stronger, and more mutual financial vulnerabilities between the US and Europe. In terms of financial markets and currencies, the relation between Europe and the US remains one of hierarchy (see Smith, 2022), yet it is a somewhat different hierarchy than that which characterized the Bretton Woods period.

The American rescue of Europe during the global financial crisis can be explained through an analytical lens of material, if enlightened, self-interest. Transcripts from FOMC meetings show Fed officials arguing explicitly that the multitrillion-dollar rescue of Europe was in the US’ national interest. When the Europeans overcame their pride and accepted the dollars they were offered, they ended up receiving more help from the US than all other countries combined. Theoretically speaking, American self-interest alone is not a sufficient explanation. We also have to inquire into self-interest as defined by whom, and equally important, whose permission was needed to dole out the trillions involved. The key here is that financial cooperation is to a large degree decided by technocrats; therefore it can often fly under the radar of high politics, and evade democratic processes and nationalistic posturing. It is difficult to picture George W. Bush or Barack Obama going to Congress asking for trillions of dollars to bail out European banks.

In reality, the help was shaped in cooperation between technocrats in two independent central banks, relying on an institutional arrangement originally developed in the 1960s for a different purpose (these technocratic relationships have clear parallels to the policy area of space; see Cross, 2022). Thus, we also see how lasting institutional arrangements and connections between the EU and the US facilitated a relatively quick response to what was a new problem for both. When the Covid-19

pandemic erupted in 2020, the currency swaps between the Fed and the ECB were immediately reinstated, successfully calming European markets with the promise of an ample supply of dollar liquidity.

The article is structured as follows: The next section gives a brief historical overview of how the EU member states attempted to achieve currency stability and greater independence from the dollar in the decades following the 1971 break-up of Bretton Woods. Section 3 discusses the emergence of the European banking glut and the creation of new transatlantic vulnerabilities. Official documents show that policymakers were, apparently, unaware of these developments. Section 4 discusses the cooperation between the Fed and the ECB during the 2008 crisis and its implications for the financial and monetary relationship between the EU and the US. Section 5 briefly discusses developments in cross-border banking after 2008 and what these entail for transatlantic relations, including the handling of the economic fallout from Covid-19. Section 6 is the conclusion.

2. Post-Bretton Woods and the Struggle for European Dollar Independence

The conceptualization of the American bailout of Europe as a paradox comes from an understanding of the European monetary integration project as one motivated in a large part by the desire to achieve more independence from the US—and protect the European economy from fluctuations in the relative value of the dollar.

Exchange rate policy and exchange rate cooperation can mobilize different types of interests and conflicts. This was the case both between the US and Europe, internally in Europe, and within EU-member states themselves. We can distinguish, firstly, between issues related to over- and undervaluation and hence export performance (see Schwartz, 2022). Secondly, we have the link between exchange rate policy and interest rates, that is, the capacity to set interest rates at a level that suits the state of a given economy, i.e., monetary autonomy. Thirdly, economic sensitivity to exchange rate fluctuations is a variable that we can understand as a function of the ratio of exports to GDP. Finally, degrees of exchange rate stability influence financial markets in multiple ways. Currency instability stimulates financial innovation, which in turn puts pressure on attempts to regulate capital flows. The combination of exchange rate cooperation and relatively free capital movements across borders intensifies the link between exchange rates and interest rates.

After WW2, the stability provided by the Bretton Woods fixed currency order allowed Europe to play catch-up in economic terms. Although not all European countries benefitted equally from this regime, the general picture is that in the post-war decades Europe was allowed to grow within a regime where the value of the dollar was stable and not undervalued, at times even overvalued relative to European currencies. This ben-

efited European economic growth and facilitated the export-oriented growth model which partially persists today (see Schwartz, 2022). While the US did enjoy seigniorage privileges from holding the key currency in the global system, they also bore the cost of having the one currency in the system that could not adjust. Secondly, the negotiable but fixed exchange rates of the Bretton Woods regime provided a large degree of exchange rate stability among EU member states; this facilitated intra-European economic integration and helped make possible the Common Agricultural Policy. Thirdly, the capital controls associated with the Bretton Woods order gave European states greater monetary autonomy than they were to enjoy later.

When the Bretton Woods regime ended in the early 1970s, fluctuations in the value of the dollar would become a major source of instability for Europe. When Nixon suspended gold convertibility, the dollar depreciated, negatively impacting EU exports. Then the dollar rose sharply under the stewardship of then Fed chairman Paul Volcker (the so-called “monetarist experiment”), before being talked down again after the Plaza Accord of 1985, before the “reverse Plaza” in 1987 adjusted it upwards again. This instability created all kinds of problems for the EU, especially for the politics and execution of its largest single budget, the Common Agricultural Policy. The EU sought to recreate a fixed currency regime through various arrangements such as “the snake” and the European Monetary System, but they all failed because European currencies fluctuated too much in relation to one another. Empirical studies have found that fluctuations in European exchange rates were associated systematically with the dollar (Giavazzi & Giovannini, 1986, p. 456). The clear tendency was for the Deutsche Mark to overshoot, that is, it tended to be pushed up much higher than could be accounted for by real economic trends. This happened whenever the dollar was weak, reflecting speculation and “hot money” on the move (Calleo, 1999). Partly for this reason, European policymakers decided to establish the most fixed currency regime imaginable, a single currency.

The euro was enacted in 1994 and rolled out in 1999, despite warnings from a diverse group of economists. These economists argued that it was a dangerous experiment precisely because European economies were so structurally different while lacking compensating mechanisms through fiscal and labor market integration (e.g., Friedman, 1997). There were, however, economic arguments for the euro too (see, for example, the Delors Committee, 1988). The desire for real economic integration through trade and fatigue from trying to keep up with German (dis)inflation performance were important arguments that were marshaled in the discussion around the euro. Sensitivity to exchange rate fluctuations provided a third pro-euro argument, which also highlighted the relevance of transatlantic relations at the time. The logic is simple. The US’ comparatively autarkical economy (in 1997 exports constituted 10% of

US GDP) made the US relatively insensitive to the effects of the currency gyrations of the dollar. This was famously reflected in the statement of US Treasury Secretary John Connally saying to the world in 1971 that “it may be our dollar, but it’s your problem.” Europe, on the other hand, was shaken each time the dollar value changed dramatically. It was believed that the euro would solve these problems. Given the patterns of intra-European trade at the time, the European Monetary Union would produce a similar (euro-external) trade to GDP ratio to that of the US, thus promising to deliver the kind of imperviousness to world currency fluctuations that the US had enjoyed since 1973 (Calleo, 1999, p. 9).

Independence from the US and the dollar was thus a key motivation driving further European monetary integration. The first eight years of the euro were marked by triumphant commentary from its guardians in the ECB, exactly for its (perceived) ability to deliver the kind of stability that had eluded Europe between 1973 and 1999 (e.g., Issing, 2008). Taken together, these European attempts at creating exchange rate stability reveal a pattern where the US was arguably retreating from its hegemonic responsibility for providing stability at the system level, while Europe first unsuccessfully and then with apparent success sought to establish stability on its own terms.

3. The Creation of the Euro and the Emergence of a “European Banking Glut”

How did Europe, aiming to develop its financial markets and currency area and to achieve greater independence from the US, end up smack in the middle of a dollar-denominated financial crisis less than ten years after the introduction of the euro? In the creation of the so-called European banking glut, in which European banks had amassed large dollar liabilities, we can identify both push and pull factors. We may start with the sheer size of the European banking sector. Throughout the history of the EU, Europe has been “overbanked”—that is, it has had too many and/or too big banks for the size of its economy when comparing Europe to the US and other regions of the world. Over the past 50 years, European banks have therefore struggled more or less continuously to find sufficient areas of profits to sustain their existence. In 1955, the European ratio of bank assets/GDP was slightly below the US ratio, at around 0.6. European bank assets since grew to three times the European GDP by 2005, more than doubling throughout the 1970s and 80s (Langfield & Pagano, 2015). While Europe was at three times its GDP in 2005, Japanese bank assets were only at 1.5, and the American bank asset to GDP ratio was still below one. Perversely, European bank assets had undergone this dramatic growth at the same time as productivity growth on the continent was falling (Mody, 2018, p. 159). The result was more and more bank assets chasing fewer attractive investment opportunities at home.

This problem was exacerbated both by US competition and by a series of regulatory changes within Europe. Competitive pressures sprang from changes in US financial markets in the 1960s. Limited as to the interest rates they could offer by Regulation Q, American banks lost corporate deposits in competition with money market funds, and increasingly had to turn to money market funding instead of the more secure deposit funding. This turn to what has been termed “market-based banking” (Hardie & Howarth, 2013) would profoundly change the practice of banking. As Beck (2021) has skillfully shown, adjusting to the conditions of money market funding, which was more expensive and more volatile, required banks to develop what Beck terms “liability management.” The banks developed extensive securitization of loans to secure flexibility, moved assets off their balance sheets, and were thus able to extensively expand their lending. With this business model and their easy access to the more liquid USD market, American banks not only expanded their domestic lending but, starting in the 1960s, also successfully began competing for European corporate business. European banks were doubly disadvantaged in that they were then still based on a deposit-funding model, and further disadvantaged by the fact that their deposits were in less liquid currencies than the dollar. When attempts to build competing European financial structures proved unsuccessful, European banks began adopting the US model of market-based banking. They sought to access US money markets to secure dollar funding in the 1990s and 2000s, in a turn that Beck (2021), referring to the structural power of the US, calls “extroverted financialization.”

European regulatory changes amplified these developments. Germany’s banking system is composed of three pillars: private, co-operative, and public banks. Among the public banks, the regional Landesbanken and the local Sparkassen have historically enjoyed a privileged status with state guarantees securing them cheaper funding. For a long time, these banks had avoided EU competition policy requirements that had promoted broad-scale privatization in other sectors such as aviation, telecom, and railways. But in the early 2000s, Brussels directed its attention to the Landesbanken and ordered Germany to remove the guarantees (Döring, 2003), forcing these banks to compete for yield on European and international markets. Within a few years, some of these banks would become major players in the riskiest part of the US subprime market, including Sachsen WestLB, IKB, and the Dresdner Bank (Tooze, 2018, p. 74).

The relatively high savings rate in several Northern member states, such as Germany, is a result of a series of factors, including labor market, pension reforms, and an aging population (Felbermeyr et al., 2017). New rules about pension portfolio diversification in the Netherlands also forced Dutch pension funds to invest abroad to a greater extent (van der Zwan, 2017). During this period, bank deregulation was underway at the Basel

Committee for Banking Supervision, which coordinates the global standard-setting for international banking. A 2004 change in the risk-weights through which bank capital requirements are measured made it attractive for banks to invest in securitized mortgages. The US markets had more securitized mortgages to offer investment-hungry global banks. In this period, large European banks were in the midst of massively growing and internationalizing their balance sheets, a process which European policymakers appear to have largely supported. Criticism of the new Basel II rules was voiced in the US, including by Sheila Bair as head of one of the top US regulatory bodies, the Federal Deposit Insurance Corporation. Nevertheless, the rules were quickly and enthusiastically adopted in Europe. European members of the Basel Committee fiercely opposed a proposal for an international cap on leverage ratios (Mody, 2018, p. 167). Europe's adaptation to the Basel rules also ensured that their banks could hold even less capital if they insured their portfolios with credit default swaps (Tooze, 2018, pp. 85–86).

Low growth and productivity rates in Europe, combined with a high savings rate in several countries, contributed to pushing European financial institutions to look outside the continent for higher returns; but what pulled them to the US? Above, we have discussed why the US money markets were attractive as a source of funding, but European banks increasingly also invested their borrowed money in the US. The US had experienced continued productivity growth since 1995, making it a more attractive investment location than Europe, which was experiencing sluggish growth. In addition, US financial deregulation had permitted larger-scale private securitization of riskier mortgages than what had historically been brought to the market by the government-sponsored entities Fannie Mae and Freddie Mac. These collateralized debt obligations also managed to get AAA credit ratings, making them eligible for purchase even by most pension funds. High yields plus high credit ratings proved a tempting combination for banks and institutional investors all over the world. By 2008, a quarter of all securitized US mortgages were held by foreign investors (Bertaut et al., 2011). The borrowing of funds from US money markets and investment of funds into dollar assets created a dollar “round trip” across the Atlantic.

A review of policy speeches in the decade preceding the financial crisis shows that central bankers were concerned with the vulnerabilities arising from what was termed the “Asian savings glut”—that savings in Asian countries were being invested into US financial securities, leading to a large increase in net financial flows from Asia to the US. While Bernanke (2005) in one speech says that the high German savings rate was a potential problem for the US economy, this is a rare exception compared to the frequency with which the Asian savings glut was discussed. There was thus a stark contrast between the financial imbalance policymakers were concerned

with pre-2008 and the imbalance that turned out to be the actual problem. McCauley (2018) has termed the increase in cross-border banking flows between Europe and the US in the years leading up to the crisis the “European banking glut,” precisely to highlight the contrast with the Asian savings glut that policymakers were worried about. Measured in gross financial flows, the European banking glut was in fact much larger.

In 2002, the gross cross-border bank claims running from Europe to the US increased by more than \$850 billion, while flows in the other direction from the US to Europe amounted to \$462 billion (Avdjiev et al., 2015). At the same time, the Asia-to-US flows were \$436 billion, with \$87 billion going from the US to Asia. By 2007, the Europe-to-US banking claims had grown to a massive \$2.6 trillion while \$1.6 trillion ran from the US to Europe. At this point, Asian claims on the US had only grown to \$935 billion, with \$206 billion worth of claims running from the US to Asia. Furthermore, Asian investment into US mortgage markets was primarily limited to safer, GSE-issued mortgage bonds, while the Europeans were buying the riskier ends of the market. Finally, while Asians were funding these investments with domestic savings, European financial institutions were borrowing short-term from US financial institutions to invest in US mortgages securities. On the eve of the crisis, euro area banks alone had just shy of \$5 trillion in liabilities, while holding almost as much in USD assets (Shin, 2012, p. 12). Money-market funding was only one of several sources of these dollar liabilities, but one for which it is hard to get good data on from the European side. What we do know from the reported holdings of the 15 largest US money market funds in mid-2008, is that over 40% of their asset holdings were in European banks, amounting to approximately \$878 billion (Baba et al., 2009, p. 67).

Reviewing central bank speeches from the decade prior to the crisis, American policymakers were not concerned with any threat to financial stability stemming from Europe, and the European policymakers were equally unconcerned. The European “obsession with stability” was interpreted in terms of convergence of member state macroeconomic indicators, with attention to inflation, trade, and budget discipline (Mody, 2018, p. 84). The challenge of financial (in)stability was not given particular attention. As former IMF chief economist to Europe Ashok Mody has argued, European policymakers believed they were less susceptible to financial instability and irrational exuberance than the Americans (Mody, 2018, pp. 157–158). First, because Europeans had a higher savings rate and second, the eurozone had maintained a current account surplus since 2001. Additionally, precisely because the European financial system was so dominated by banks rather than “fickle” equity and bond markets, European policymakers believed it to be safer than the American financial system.

In this blind spot, a massive financial imbalance was allowed to develop. European banks had amassed large multicurrency balance sheets, borrowing short and

investing long, buffered by far less equity than American banks. Economists at the Bank for International Settlements (BIS) have estimated that before the crisis the large American banks operated with leverage ratios averaging 20:1, while this average was 40:1 for the large European banks. The UBS and the Deutsche Bank even had ratios of 50:1 right before the crash (Cecchetti, 2013). European banks had also got involved further down the supply chain in US subprime markets, wanting to also make money from the mortgage origination and packing process. Deutsche Bank's cooperation with the loan originator Countrywide is a case in point. With its dollar round-tripping, multicurrency balance sheets, high leverage ratios, and maturity mismatches, Europe was acting like an "international hedge fund" on the eve of the crisis (Bertaut et al., 2011).

4. The 2008 Crisis and the Fed as the Global Lender of Last Resort

When credit markets started to stress in the summer of 2007, European financial institutions quickly ran into trouble. Under normal market conditions, managing multi-currency balance sheets is relatively risk-free. However, panicking markets demand higher premiums, and starting in mid-2007 European banks had to pay 2–3% of transaction volume for various currency instruments. Given that many of these banks had balance sheets into the trillions of dollars, these percentages amounted to a "financial avalanche" (Tooze, 2018, p. 154). The BIS has estimated that as early as mid-2007 the funding gap for European banks, i.e., the gap between how many dollars these banks needed and how much they had access to, was in the range of \$1.1 to \$1.3 trillion (McGuire & von Peter, 2009, p. 48), far exceeding the ECB's dollar reserves of \$200 billion.

Fed officials quickly realized the trouble European financial institutions were in and understood what a European banking collapse would entail for the US. European banks were heavily invested in US financial markets and had borrowed this investment money in part from American banks and money market funds. According to transcripts from the FOMC that have since been released, the Fed proposed to establish a currency swap with the ECB as early as August 2007 (FOMC, 2007). Currency swaps had been used in the Bretton Woods era to help to smooth currency fluctuations and stabilize the Eurodollar market, but these swaps had been retired in the late 1990s due to a lack of demand (McDowell, 2017). In 2007, the Fed proposed to restart them, but now to provide foreign central banks with dollars so they could give these to their distressed domestic financial institutions.

The ECB allegedly declined this initial offer of help. Because the ECB does not have many of the transparency measures associated with central banks today, we only have access to information from the Fed and news reporting of the events, yet both these sources sug-

gest that the ECB was offered a swap arrangement in August 2007, which it declined. "It's a dollar problem, it's your problem," one ECB official is said to have told his counterparts at the Fed (Wessel, 2009, p. 141).

According to Ben Bernanke, Fed chairman at the time, the ECB was worried that if they accepted the currency swap arrangement, they would be accepting blame for the financial crisis (FOMC, 2008a) which was being framed as a crisis the US has brought on the world. The Fed eventually managed to convince the ECB to agree to a small swap arrangement in December 2007. When problems escalated following Lehman's collapse in September 2008, and the dollar shortages for European banks became evident, the swap lines were quickly restarted and expanded to a cap of \$620 billion. By October that year, the swaps limits were lifted, and the ECB now had unlimited access to US dollars (Irwin, 2014; McDowell, 2017; Tooze, 2018). The Fed would make available close to \$10 trillion through swap agreements with 14 central banks, of which \$600 billion were drawn at the height of the crisis. The ECB was by far the largest recipient of these funds, with their swap agreement making up more than 80% of the total.

The ECB supposedly only agreed to the swaps on the condition that European banks could also have direct access to the Fed's own emergency funding facilities (FOMC, 2008a; Wessel, 2009), as this was seen as a way to at least share the blame for the crisis. While one FOMC member voted against this, arguing that giving foreign banks access to US government funding facilities would create a political backlash if it became public knowledge, the rest of the FOMC voted in favor. Foreign banks with branches in the US could access several of the Fed's crisis funding facilities, such as the TAF and the TSLF. For certain facilities, more than 70% of the funds went to non-US banks, primarily European ones.

Why did the Americans decide to provide dollar liquidity to the world, and primarily to the European financial markets? The "global lender of last resort" actions from the Fed are easily explained by material self-interest. Given the interconnectedness of US financial markets with financial institutions in other countries, a banking collapse elsewhere would have ultimately threatened financial stability at home (Broz, 2015; Tooze, 2017). A fire sale of dollar-denominated assets would have further crashed these markets, and bankrupt European banks would have brought massive losses to their creditors, primarily US money market funds which were in danger of "breaking the buck" (McDowell, 2017, pp. 151–152), which means that the net asset value of a mutual fund falls below \$1 per share, with shareholders taking losses on their principal. That the Fed officials understood rescuing European banks as being in the national interest of the US is clear from the meeting transcripts:

Another way to think about this is that the privilege of being the reserve currency of the world comes with

some burdens. Not that we have an obligation in this sense, but we have an interest in helping these guys mitigate the problems they face in dealing with currency mismatches in their financial systems. (Timothy Geithner, as cited in FOMC, 2008b)

The fact that some countries that applied for swap arrangements were refused, and that the Fed authorities used the arguments that US financial markets were not under threat in these cases, further shows how these rescue operations were not acts of altruism but of perceived economic interest. The Fed chose to give this help, despite the risk of political backlash—a risk that was openly discussed in the meetings. In fact, when the nature and extent of these swaps were publicly revealed in 2013 (Fed transcripts are released after five years), this triggered reactions from Congress, including a Republican bill proposal to “Audit the Fed” (Broz, 2015).

The European side of the equation is harder to explain. That the ECB eventually accepted the dollars the Fed was offering when the European banking system was on the brink of full collapse due to a shortage of dollars does not need explaining from a rational self-interest perspective: You do not turn away the fireman when your house is on fire. What does need explaining, however, is why the Europeans came to need this help in the first place, and why it took the ECB several months to acknowledge a problem that the Fed had already identified and accept help from the Americans. Here a material explanation alone does not get us very far, and we need to look at the ruling ideas of European financial and monetary independence and how these ideas would come to collide with the realities of the financial crisis and the exposure European banks had built up. Even after the swap arrangements were in place, and while European financial markets were effectively being bailed out by the Fed, European policymakers continued to frame the crisis as an American one, and one that Europe had been “dragged” into (Angela Merkel, as cited in “Merkel Says Washington Helped,” 2008). As this was a cooperation that occurred at the technocratic level among independent central banks, it is not inconceivable that European policymakers were unaware of the American monetary bailout. Yet, even after the swaps had been initiated, ECB President Trichet gave public speeches about how the crisis had proven the critics of the euro wrong, and that the euro held “a well-recognized status worldwide as a stable anchor in turbulent times” (Trichet, 2008). These public speeches occurred at the same time as other ECB officials spoke off the record to journalists and described the ECB as simply having become “the 13th district of the Federal Reserve” (as cited in Irwin, 2014).

5. Transatlantic Financial Relations After 2008

The events discussed above may be viewed as a rude awakening for European policymakers, who were, through the global financial crisis, made to realize that

the economic and monetary union had not secured independence from the US or the dollar. Instead, through a peculiar process of “European-style” financialization, new transatlantic vulnerabilities had emerged, leaving the eurozone reliant on the US for help when a major crisis broke out in 2008. In contrast to the post-Bretton Woods era, however, the vulnerabilities were more mutual this time. It was no longer simply “it’s our dollar, but it’s your problem.” While American banks were not dependent on euro funding to anywhere near the same extent that European banks needed dollars, the European investments in dollars assets were large enough to threaten US financial stability. The US perceived it as in their direct national interest to rescue the European banking system. While ECB officials initially resisted this help, they eventually recognized the dire situation Europe was in.

Where are these transatlantic financial and monetary relations at, in 2022? The European “banking glut” diminished after 2008 in the wake of regulatory reform. In fact, the dramatic decline in cross-border banking flows since 2009 has led analysts to discuss the possibility of having passed “peak finance” and whether we now are in a period of financial de-globalization (e.g., Caruana, 2017). Cross-border banking flows as a percentage of world GDP declined from around 60% in 2007 to below 40% in 2017. Nevertheless, further analysis shows that it is primarily European banks deleveraging that accounts for this “global” trend. Facing much higher capital requirements in the years following the 2008 crisis, large European banks have had to shrink their balance sheets and have sold off many of their riskier US assets (McCauley et al., 2017). After the crisis, the Basel Committee pushed for re-regulation of international banks, whereas they had advocated deregulation in the decade prior to the crisis. The political dynamics were similar to previous rounds of the Basel process, where concerns about the relative competitiveness of different national banking systems characterized the negotiations. Germany opposed parts of the proposed new capital requirements and argued for them to be introduced more gradually, to allow European banks more time to be able to meet the new standards (Howarth & Quaglia, 2016). Even with the concessions given to Germany and the other European countries, European banks underwent a large deleveraging process to be compliant with the new capital requirements, large enough to make a significant dent in global banking flows.

Despite the shrinking of cross-border flows relative to their pre-2008 level, there is little to indicate that the relationship described between the two continents on this issue area has changed fundamentally. European growth has remained sluggish compared to the US’, Europe continues to be overbanked, US financial markets remain a liquid and attractive investment area, and the dollar remains unchallenged as the global reserve currency. Indeed, some claim that we are seeing a gradual “dollarization” of the eurozone, arguing

that the positioning of Europe firmly within a US dollar hegemony will have serious implications for the level of autonomy the EU can have over its own economic, monetary, and regulatory policy going forward (Grahl, 2020). The currency swaps also appear to have become a regular feature in global crisis management. When the Covid-19 pandemic broke, the Fed swap arrangements were immediately re-started to stem a financial panic over global dollar shortages, this time without any hesitation from the ECB. When asked in a 60 Minutes interview whether there was any limit to the amount of dollars the US was willing to provide the world, Fed chairman Jay Powell simply replied that “there’s no limit” (“Fed Chair Jerome Powell’s 60 Minutes,” 2020). The source of financial instability in 2020 was dollar shortages in emerging markets, not in European banks, yet this normalization of dollar swaps as a stabilization mechanism for Europe in times of financial stress underscores the continued central role of the dollar and of the Fed in European financial markets.

In the decade since the crisis, Europe has not made any serious attempts to change the nature of this structural relationship. The ECB has not significantly increased its own dollar reserves like the Asian central banks did in the wake of the financial crisis in 1997–1998. While there have been developments in the European banking union, the practices of wholesale funding on the money markets and securitization are still permitted, and the “push” factors that we identified above continue to make it attractive for European banks to go outside Europe for both funding and investments. Finally, there have been no developments to suggest that the euro is on a path to becoming an international currency that may in any way rival the dollar (Germain & Schwartz, 2014). Dollar-denominated financial markets remain the most liquid and thus the most attractive for market-based banking practices. However, to claim that these developments in European financial markets and the Fed acting as a global lender of last resort in times of crisis is a sign of increased US power is not straightforward. The expansion of the external balance sheets of US financial markets can be argued to have increased the international importance of US markets, and these are dollar-denominated; however, these developments can at the same time have reduced the monetary autonomy and thus the power of the US government (see, for example, Hardie & Maxfield, 2016; Hardie & Thompson, 2020). The position of the Fed as the global lender of last resort is therefore perhaps less of a strategic policy choice and more of a forced response to market developments.

6. Conclusion

This case reveals that the Fed committee members quickly understood the interlinkages between European banks and US financial markets and saw the threat that a widespread European banking collapse would pose to US financial stability. Given the global position of the dollar

and US financial markets, it was in the US’ material interest to ensure that the problem of dollar shortages abroad was solved because these problems would cause financial instability at home. What are the empirical implications? The creation of the economic and monetary union successfully decreased one form of dollar dependence for Europe, that of vulnerability to fluctuations in the relative value of the dollar. But due to a series of deregulatory measures, the development of market-based banking, and securitization, combined with diverging growth and savings rates, another form of dollar vulnerability developed. European banks had become deeply involved in risky parts of dollar-denominated financial markets, funded in part through US money market funds. When the crisis broke, and European banks had trouble managing their sizable multicurrency balance sheets, they needed dollar liquidity to avoid collapse. Only the Fed, directly or through swaps with the ECB, could therefore act as a lender of last resort. The level of integration in transatlantic financial markets was such that it was in the US’ interest to help, and in the EU’s interest to accept—re-establishing a new form of interdependence and one that required cooperation in times of crisis.

While the amount of cross-Atlantic banking flows decreased considerably in the first decade after the 2008 crisis, the structural relationship we have described has not changed. The European banking system continues firmly embedded in a US market-based and dollar-denominated financial system. We, therefore, conclude that in the financial sphere, transatlantic relations are stable with ties that are stronger than ever. It is theoretically significant that relationships embedded in technocratic circles and the institutional practices of the two central banks appear to be robust, also in the face of increasing polarization and episodes of political grandstanding.

However, we should be wary of drawing conclusions about the relative power balance between the US and the EU, or the individual European member states. Any analysis of the power implications of this case needs to account both for the changing power relations between states and markets on the one hand, and the power relations between different states on the other. Deregulating financial markets was very much a political choice, but the complex consequences of global, financialized markets were not fully understood at the time. In a pre-financialized era, the US could hold the world reserve currency and still confidently state that the dollar was not their problem; however, in a world where the dollar forms the core of a large, integrated, and highly leveraged global financial system, the problem is mutual.

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Conflict of Interests

The authors declare no conflicts of interest.

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Article

Divergence Across the Atlantic? US Skepticism Meets the EU and the WTO's Appellate Body

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Abstract

In 2019, the Appellate Body (AB) of the World Trade Organization's Dispute Settlement System (WTO-DSS) lost its quorum. Instead of the required minimum number of three members, the AB's membership fell to one member only as the US under Donald Trump blocked the appointment of new members upon the expiry of the terms of two incumbent ones. The AB's paralysis produced a high level of shock in the EU. In this article, we take a closer look at the US's decision to paralyze the WTO's AB and the EU's reaction to it. Its point is that it will not be easy to get the US back on board as the factors that drove its decision predate the Trump era. Long before Trump, the tradeoff upon which the US based its acceptance of the WTO-DSS unraveled. For US policy makers, the EU is partly to blame for this as it undermined the system's prompt compliance assumption. More important even is the claim that the system's AB created new obligations for the WTO members to the point where the acceptance of some WTO rules—notably regarding trade remedies—became politically unsustainable in the US itself.

Keywords

trade disputes; trade remedies; transatlantic relations; World Trade Organization

Issue

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1. Introduction

In 2019, the Appellate Body (AB) of the World Trade Organization's Dispute Settlement System (WTO-DSS) lost its quorum. Instead of the required minimum number of three members, the AB's membership fell to one member only as the US under Donald Trump blocked the appointment of new members upon the expiry of the terms of two incumbent ones. The Trump Administration's decision not only paralyzed the crucial appellate stage of the WTO's dispute settlement system, but it also jolted the WTO as a whole.

The AB's paralysis seriously shocked the EU as well. For the EU, the WTO-DSS is fundamental for the enforcement of multilateral (trade) commitments made in the context of the WTO and therefore, for the stability and predictability of the world trading system overall.

The US's position on the WTO-DSS has always been more ambivalent. On the one hand, it hoped that the WTO-DSS would bring what the dispute settlement system of the General Agreement on Tariffs and Trade (GATT) had failed to: prompt compliance with dispute settlement outcomes, and thus the prompt remedial of any WTO agreement violation detected through the WTO-DSS. On the other hand, the new WTO-DSS would tie the US's hands whenever it wanted to retaliate against alleged rule violators. With it, the US gave up its right to do so unilaterally and thus, a certain amount of its sovereignty. Ultimately for the US however, the former outweighed the latter.

In this article, we want to take a closer look at the US's decision to paralyze the WTO's AB. That may seem odd in a thematic issue on transatlantic relations, but it is not. With it and given the EU's reaction to it, the two sides of

the Atlantic first got on a diametrically opposed course regarding this fundamental pillar of the multilateral trading system. More recently however, some convergence has emerged. Indeed, in response to the US, the EU took the lead in the creation of a parallel system of arbitration and voluntary appellate system—the Multi-Party Interim Appeals Arbitration (MPIA)—that could operate without the US and that could temporarily substitute for the AB. Second, in February 2021, the European Commission issued a range of proposals on WTO reform in which it showed openness to deal with some of the US’s complaints about the WTO-DSS and its AB. The EU was not alone in these endeavors, but it did play a leading role in it.

The point of this article is that it will not be easy to get the US back on board. Those that hope that the current paralysis of the AB is due to the idiosyncrasies of one (the Trump) presidency and that with Biden’s entry into the White House it will soon be back to normal, may be in for a rough ride. Indeed, as we hope to show, while Trump presidency’s approach to the WTO-DSS may have been extreme to a certain extent, its underlying drivers predate it. Slowly but steadily, the tradeoff upon which the US based its acceptance of the WTO-DSS unraveled, at least in the eyes of US policymakers.

And for them, the EU is partly to blame for this as it undermined the dispute settlement system’s prompt compliance assumption. But the EU is not the only one that is blamed. More importantly still is the AB. In the eyes of US policymakers, through its activist rulings, the AB created new obligations for the WTO members to the point where the acceptance of some WTO rules—notably regarding trade remedies—became politically unsustainable in the US itself. In an intergovernmental organization like the WTO, they claimed, it is up to the member states to eventually create new rules and not up to the organization’s institutions like the AB. With alleged AB activism illegally undermining the US’s ability to protect itself against unfair trade practices by other WTO members, the WTO-DSS’s political viability itself came under threat in the US.

This article is structured as follows. In the next (second) section, we briefly touch upon the WTO-DSS and how it works, and on the ongoing scholarly debate on the political sustainability of the WTO-DSS. The conclusion here is that in order to understand the US’s position on the WTO-DSS, one needs to look at the way in which the tradeoff between the benefits and the costs of the WTO-DSS for the US changed as a consequence of the way in which the system operated in practice; this in combination with the ability of each WTO member to block the appointment of AB members. As indicated above, the US’s problems with the system’s operation focused on two elements: the lack of prompt compliance and the perceived activism of the AB.

The third section focuses on prompt compliance, and the US’s frustration with the EU in this regard. What is important here is that US trade policymakers believed

this frustration to be an existential problem as far as the WTO-DSS was concerned.

In the fourth section, we dig deeper into the political viability question, a question directly triggered by US perceptions on AB rulings in trade remedy cases and its conviction that these rulings went beyond the existing commitments of the US. These perceptions amplified US frustrations with the functioning of the WTO-DSS, particularly its AB. With these systemic complaints about the WTO-DSS, the US stood out among the WTO membership, as empirical data about these complaints will show. This data emerges from a systematic scouting of the Minutes of the WTO’s Dispute Settlement Body (DSB) between 1995 and 2019.

In the final section, we will come to a conclusion. Here, it will be stressed that US frustrations with the WTO-DSS were older than the Trump Administration, and continue to exist after Trump, although the recent European Commission proposals point to a possible convergence between the two sides of the Atlantic with respect to the dispute settlement system of the WTO.

2. A Theory of the World Trade Organization’s Dispute Settlement System: About Compliance Supporters and a Disturbed Tradeoff

The dispute settlement system of the WTO, the WTO-DSS, can be characterized as a system that aims at bringing WTO members into compliance with the WTO agreements through the settlement of disputes about compliance among them. The legal basis of the system is provided by the Understanding on Rules and Procedures Governing the Settlement of Disputes (1994; hereafter DSU), an agreement reached during the Uruguay Round, a set of multilateral trade negotiations that among others, created the WTO.

The WTO-DSS is activated by a non-compliance complaint of one WTO member (the complaining party) against another (the responding party). Such a complaint triggers consultations with the aim of reaching a mutually agreed solution that remedies the problem. In case no such solution can be reached, the complaining party can start a process in which a panel is established by the DSB, a body in which all WTO members are represented. That panel investigates the complaint and produces a report that indicates whether non-compliance with a WTO agreement has taken place and whether this has impaired the benefits “accruing to [the complaining party] directly or indirectly under the [WTO] agreements” (art. 3.3 DSU). Either party can appeal that outcome. When that happens, the AB rules on the legal interpretations made by the panel in the panel report. That ruling is then submitted as a Recommendation to the DSB that adopts it unless there exists a consensus not to do so. This way of working is known as a “negative consensus” (or “reversed consensus”) and makes the adoption of AB Recommendations almost automatic. As Cesare and Romano (2007, p. 812) have

observed, this represents “a radical departure from previous [consensual] practices” in international dispute settlement. Despite its official label as a “Recommendation,” AB decisions are binding and as such, really rulings. The parties are expected to comply with them and this within a “reasonable period of time” to be agreed among the parties or, absent such agreement, within a period of 15 months unless through binding arbitration it is determined that “particular circumstances” warrant a shorter or a longer period. The ultimate objective is to achieve compliance. In case that does not materialize, upon mutual agreement, compensation may be provided by the responding party to the complaining party. In case that fails, upon request by the complaining party, the DSB grants that party the right to retaliate against the responding party unless there exists a consensus not to grant it.

Scholarly work on the operation and effects of the WTO-DSS is extensive. Some scholars focus on the impact of the WTO-DSS’s outcomes on trade (Chaudoin et al., 2016). Others focus on factors that explain compliance with its outcomes or on the legitimacy (and political viability) of the dispute settlement system itself (cf. Brutger & Morse, 2015; Busch & Pelc, 2010; Peritz, 2020). In both cases, findings on the WTO-DSS are often derived from (and compared with) findings from research on international courts in general. This is particularly the case with the WTO’s AB as this body can be characterized as a permanent international court (Alter, 2014, pp. 72, 76).

The compliance question is an intriguing one as the WTO AB lacks the coercive powers to enforce compliance with its outcomes. The same holds however, for both international courts in general, and for domestic courts. All depend on the executive branch for the implementation of their rulings. It is inherent in being a judicial court (Alter, 2014, pp. 20, 32). But for international courts, their being international, raises the question of their independence from national governments, and thus their ability and propensity to abstain from catering to the preferences of these governments. In this respect, Karen Alter developed an “altered politics model,” that is perhaps the most elaborated model to understanding national state compliance with international court rulings. Important here is that compliance does not exclusively depend on the alignment of international courts’ rulings with the preferences of national governments. Whenever an international court ruling does not align, the probability of compliance may increase whenever the cost of non-compliance is increased through the mobilization of so-called compliance supporters (Alter, 2014). It concerns “broader coalitions of actors whose tacit or mobilized support is needed...to induce reluctant governmental actors to embrace an international court ruling” (pp. 20–21) and/or to protect “those actors with the power to generate compliance with an international court ruling...from political retaliation” (pp. 53–54). Through its ruling, an international court provides however, a range of legal, symbolic, and political resources

to these compliance supporters and “advantaging and empowering domestic actors who prefer that domestic policy coheres with international law” (Alter, 2014, p. 49; see also Alter et al., 2016). These resources consist, then, of arguments that can be precedent-setting (non-compliance legitimizes future non-compliance by others), reputational (we sign agreements that we do not want to comply with and are, therefore, untrustworthy), or distributive (non-compliance legitimizes retaliation by foreign governments against us, which will hurt specific constituencies at home).

Alter’s “altered politics model” is directly relevant for the question of the WTO-DSS’s legitimacy. As research by Helfer and Alter (2013) on the legitimacy of international courts shows, inside countries covered by an international court’s jurisdiction, the presence of domestic supporters who want to bolster that court’s legitimacy is crucial for such legitimacy. And as Shaffer et al. (2016) show, the WTO-DSS enjoys that kind of support. Its rulings are relied upon and referred to by domestic agencies (called “trusty buddies” of the WTO-DSS) in national trade policymaking and by domestic courts in trade law litigation. And around the *acquis* generated by these rulings, an epistemic community of private lawyers and legal scholars has emerged.

At the same time however, the fragility of the WTO-DSS’s legitimacy has been noted (Shaffer, 2008). Already more than a decade ago, Abbott (2003, p. 566) warned that “the transfer of sovereignty which is implied (placing WTO members face to face with their violations and their obligations) is not an easy thing for all governments to accept.” At the same time, Petersmann noticed that “[t]he increasing criticism in the US that WTO dispute settlement jurisprudence has become ‘overextended’ and is ‘politically unsustainable’ is rarely heard in Europe” (Petersmann, 2003, p. 13). Alter’s research seems to provide an explanation for this divergence as far as the European side is concerned. Central here is the attitude toward the sovereign risk of granting authority to an international court. As Alter (2008, p. 40) observes: “The sovereign risk in ceding interpretative authority to courts is that judicial rulings can shift the meaning of law in ways that can be politically irreversible.” Interpretation in “unanticipated and unwanted ways” is central here. European political elites have gradually learned to live with this, even internalized it, specifically through the operation of the EU’s Court of Justice, the adoption of its sometimes radically innovative rulings by national judges in the EU’s member states, and the education and socialization in that sense of new generations of lawyers, judges, and legal scholars in the EU (Alter, 2014, p. 130).

The story on the US side may be different. There, the acceptance of the sovereign risk that comes with granting authority to a system like the WTO-DSS—and specifically its AB—is more fragile. With it comes a heightened risk that criticisms against rulings spill over into criticisms on the legitimacy of the system as such. And given the WTO’s system for the appointment of the members of its AB,

such systemic criticisms have spilled over into the operation of the system itself, or rather, its current paralysis.

For the understanding of the current crisis in the WTO-DSS, we need to deal with two issues. There is, first, the WTO's system for the appointment of the members of its AB and the procedural vulnerability of the WTO-DSS that this entails. Secondly, we need to understand the sovereign risk vulnerability of the WTO-DSS in the US. As we will see, this question is related to the tradeoff that the US made when it agreed with the creation of the WTO's dispute settlement system in 1994 and its evolving assessment of that tradeoff ever since. We will only briefly touch upon the first element here and dedicate most attention to the second, as that one immediately points at a decisive difference between the two sides of the Atlantic and the systemic relevance of that difference for the WTO.

The procedural vulnerability of the WTO AB is rooted in the way in which each of its seven members is appointed. According to article 17.2 DSU, the DSB appoints these members for four-year terms. It does so by consensus (article 3.7 DSU) which—as is mentioned in footnote 1 to article 3.7—means that no member present at the DSB meeting concerned formally objected. As such, each WTO member can theoretically block the appointment or reappointment of an AB member. That is exactly what the US did with several of these (re)appointments up until the point where the AB lost the quorum needed for its operation. The first example of the US explicitly blocking an appointment showed up in 2013 when it refused to approve the appointment of Kenyan candidate James Thuo Gathii (already in 2007, it exerted pressure on one of its nationals, Merit Janow, not to apply for a reappointment, and in 2011 the US decided not to reappoint another of its own nationals, Jennifer Hillman). In May 2016, the US blocked the reappointment of South Korean AB member Seung Wha Chang because “[t]he United States is strongly opposed to Appellate Body members deviating from their appropriate role by restricting the rights or expanding the obligations of WTO members under the WTO agreements” (Punke & Reif, 2016, p. 16). In the summer of 2017, when the succession of Ricardo Ramirez-Hernandez—a Mexican AB member—was at issue, together with the sudden departure of the South Korean member Hyun Chong Kim, and the nearing end of the term of a third one, Belgian AB member Peter Van den Bossche, the US indicated in the DSB that new appointments could only be approved after giving priority to the systemic questions raised about the US at numerous occasions in the DSB (*DSB Minutes*, August 31, 2017, p. 14). With the expiry of the mandate of Shree Baboo Chekitan Servansing (Mauritius) in September 2018, and the one of Ujal Singh Bhatia (India) and Thomas R. Graham (US) in December 2019, the WTO AB lost its quorum. In November 2020, the mandate of the last remaining member—Hong Zhao from China—expired, so that today, no AB member is left.

What happened then with the US so that it decided to block these AB appointments to the point of paralyzing the AB itself? That is, as we alluded to above, a story of a changing tradeoff where the precarious balance between the costs and the benefits of creating a system like the WTO-DSS was perceived to be disturbed by the way in which the system operated in practice. As such, it was not a matter of support or supporters, but a matter of opposition and opponents. As we will see, two elements mattered here: first, the EU's behavior in the WTO-DSS, and second, the perception of AB activism, specifically on trade remedies, in the US. Whereas the former was perceived to undermine prompt compliance through the WTO-DSS—one of the main expected benefits of the WTO-DSS by the US—the latter was perceived to create obligations for the US to which it never agreed.

3. Prompt Compliance and the Emerging Prism of Procrastination

In the tradeoff for the US between the costs and the benefits of creating the WTO-DSS, the expectation of “prompt compliance” mattered a lot; that is, the expectation that the new system would bring non-complying WTO members into compliance with their obligations under the WTO and would so quickly. For the US, non-compliance had indeed been a serious problem under the GATT, the WTO's precursor. And the GATT's dispute settlement system had proved to be incapable of remedying this because a non-complying member could veto its outcome (cf. Maggi & Staiger, 2018). Consequently, the US increasingly engaged in unilateral sanctioning, this under Title III of its Trade Act of 1974 (better known as Section 301).

In the negotiations of the DSU during the GATT's Uruguay Round, two differences between the EU and the US showed up. Whereas the EU aimed for the multilateralization of enforcement—and thus the restraining of the US's ability to engage in unilateral enforcement—the US strongly cared about compliance—prompt compliance—in the first place by its main trading partners, most prominently the EU. Among US trade policymakers the conviction existed that even if the price of multilateralization was high—as it restrained US ability to make use of its own sanctioning system under Title III of its Trade Act of 1974—the reward was significant as well. It would indeed, after years of frustrations under the GATT, force prompt compliance by the losing party in a dispute. As a November 1998 US paper on the DSU states: “Members want an effective dispute settlement system for the tangible results it can produce, not just the decisions it publishes...Accordingly, the results of this [DSU-]review should enhance *prompt compliance*” (United States Trade Representative, 1998, italics in original).

The immediate question for the US was, therefore, whether the WTO-DSS would really succeed in promptly countering and undoing rule violations. This question

particularly targeted the EU. The following quote from then Senate Majority Leader Bob Dole is indicative in this respect:

An effective dispute settlement system was one of the major negotiating objectives for the United States. In the GATT talks [i.e., the Uruguay Round], the United States sought to have binding and automatic dispute settlement....The United States supported this idea out of frustration largely with our European friends who maintained agricultural policies that adversely affected every other agricultural export nation. (Congress of the US, 1995, p. S177)

Quite quickly however, cases on bananas and beef treated with growth hormones in the new WTO-DSS indicated to Washington DC that, contrary to what they had hoped, the new WTO-DSS did not prevent the EU from engaging in procrastination, particularly in agricultural trade (cf. Poletti & De Bièvre, 2014). Complaints about EU procrastination not only came from the US, but in the US both the executive and legislative branches pointed at the systemic risks of EU foot-dragging, and this due to the WTO-DSS. With a reference to both the beef hormone and the banana case for instance, Rep. Phil Crane, Chair of the House's Trade Subcommittee at the time, phrased it as follows: "Full implementation of these WTO decisions against the EU will show the world whether Europeans are committed to the credibility and long-term viability of the WTO dispute settlement system" (Congress of the US, 1998, p. H7053).

A similar—albeit more cautious—reaction came from the United States Trade Representative, Charlene Barshefsky:

We have now concluded cases against the EU on the banana regime and the ban on beef from American cattle. In both, WTO dispute settlement panels and Appellate Bodies have ruled in favor of the United States. The EU has an obligation to respect these results and implement them—they have not. Failing to live by these panel results weakens support for the trading system, weakens its deterrent against protectionism, and weakens support for our bilateral relationship. (Barshefsky, 1998)

The problem for the US, however, was that based on the DSU, one could not make a legally airtight argument that the EU was violating its legal commitments under the WTO. Indeed, the debates on EU procrastination revealed a possible contradiction in the DSU that allowed the EU to drag out the process through which compliance with a dispute settlement ruling had to be assessed before sanctioning could be allowed. But for the US, EU insistence on this question—known as sequencing—provided proof that for the EU compliance on sensitive cases prevailed over the credibility of the dispute settlement system as a whole. For the EU, the

sequence question was not one of procrastination or abuse of the DSS, but a question of negotiated rights. Article 21.5 DSU created a right for the respondents in a case to let a dispute settlement panel—and eventually the AB—decide about compliance, and even if that took time, it was a right nonetheless, as much for the EU as for the other WTO members. In the banana case, EU–US divergence came to a head in a DSB meeting where the US representative claimed that "the EC's conduct had been aimed at delaying WTO procedures in prolonging its discriminatory banana regime," and that a systemic issue emerged as a result (*DSB Minutes*, February 1, 1999, pp. 11–13). Would the DSB accept delays, or would it decide to promptly allow retaliation in response to violation and non-implementation of a previous ruling? By allowing prompt retaliation, the DSB "would send a strong message to the world trading system that the WTO Agreement provided an effective mechanism to ensure compliance with WTO obligations, and that it did not encourage prolonged non-compliance or endless litigation" (*DSB Minutes*, February 1, 1999, p. 13). Statements by other WTO members indicated that they also shared this assessment that the EU–US banana stalemate started to negatively affect the credibility of the WTO system as a whole (statements by Argentina, Australia, Brazil, Canada, Colombia, Mauritius, and S. Korea expressed at the same DSB meeting).

The beef hormone and banana cases date from a period long gone. But they matter today, nonetheless. First, they created the conviction in the US that the WTO-DSS could not provide the prompt compliance benefit that the US had expected it would, and that EU procrastination was the culprit. Indeed, for the US, the EU, rather than being loyal for the sake of the system's credibility, actually exploited it to avoid compliance through "a strategy of endless and meritless litigation" (*DSB Minutes*, December 18, 2019; January 27, 2020; July 20, 2020), even at the cost of a system that it claimed to cherish. In the recurrent cases on genetically modified organisms, a real US lassitude with EU non-compliance can be detected, spanning a period between February 2008 and today. It must be noted however that the EU started to lodge similar complaints against US foot-dragging and its systemic risks for the WTO-DSS, particularly in the context of US resistance against rulings on zeroing in anti-dumping measures (cf. *DSB Minutes*, February 19, 2009).

Second, the beef hormone and banana cases revealed contradictions in the DSU that allowed for procrastination by WTO members that lose cases, including by the US itself. These contradictions—most prominently the sequencing question—proved difficult to solve. Doing so got stuck in the negotiations on the revision of the DSU and in the wider problem of the WTO to generate new multilateral trade agreements, and thus successfully fulfil its role as negotiating forum.

In the meantime, procrastination has become a hallmark of the WTO-DSS, a problem compounded by the

system’s overload and its resulting inability to deal with disputes in a timely fashion. Although the WTO membership at large is well aware of this, finding a solution has proved to be extremely difficult. Negotiations on a review of the DSU are already paralyzed for decades.

4. Systemic Complaints, Trade Remedy Cases, and The Political Viability of the World Trade Organization’s Dispute Settlement System

Starting with US complaints rooted in the prompt compliance question, systemic US criticisms on the WTO-DSS started to grow, and here, the US increasingly stood out among the WTO membership. We derive the latter from data generated with three consecutive searches through the (derestricted) minutes of all DSB meetings since 1995. In these searches, the terms “sovereign,” “authoritative interpretation,” “Article IX:2,” and “Article 3.2” were used. Whenever these terms showed up, the intervention of all WTO members on the agenda item at issue were researched for the use of these terms as a way to criticize the AB for overstepping its legal boundaries in a way detrimental to the rights of the WTO members as exclusive interpreters of the WTO Agreements. The focus therefore turned out to be the extent to which the WTO members positioned themselves as critics of the AB. Reading all the interventions was necessary as the meaning of a reference can be different depending on its context.

As is shown in Figure 1, between 1995 and 2019, the US regularly uttered systemic complaints in the DSB, that is, negative criticisms on the way in which the WTO-DSS operated and its negative impact on the WTO system—with its negotiated balance of rights and obligations for each WTO member—as a whole. The US stood out in this regard among the WTO membership. Remarkably, no such complaint from the EU could be detected. Among the big trading powers, therefore, the US and EU were on completely opposite sides on this. Not that the EU never expressed disagreements with outcomes of cases in its DSB-interventions—it did. But when it did, it was never a claim that the operation of the WTO-DSS threatened the balance of the rights and obligations as negotiated by the WTO membership, and that thus, the WTO-DSS’s operation undermined the sovereign rights of the WTO members. Second, US systematic complaints showed up regularly during the whole lifespan of the WTO-DSS. For the other complaining WTO members, a rather haphazard pattern pops up, although for China, it may be too early to draw conclusions. Third, the period in which complaints emerged indicates that such complaints spanned four US presidencies, beginning with the Clinton presidency, escalating under the Bush jr. presidency, and smoothing and then re-escalating under the Obama and Trump presidencies. Therefore, the complaints were not confined to the Trump era. Fourth, the escalating patterns in US complaints about the AB are closely related with the rising role of trade remedy cases against it.

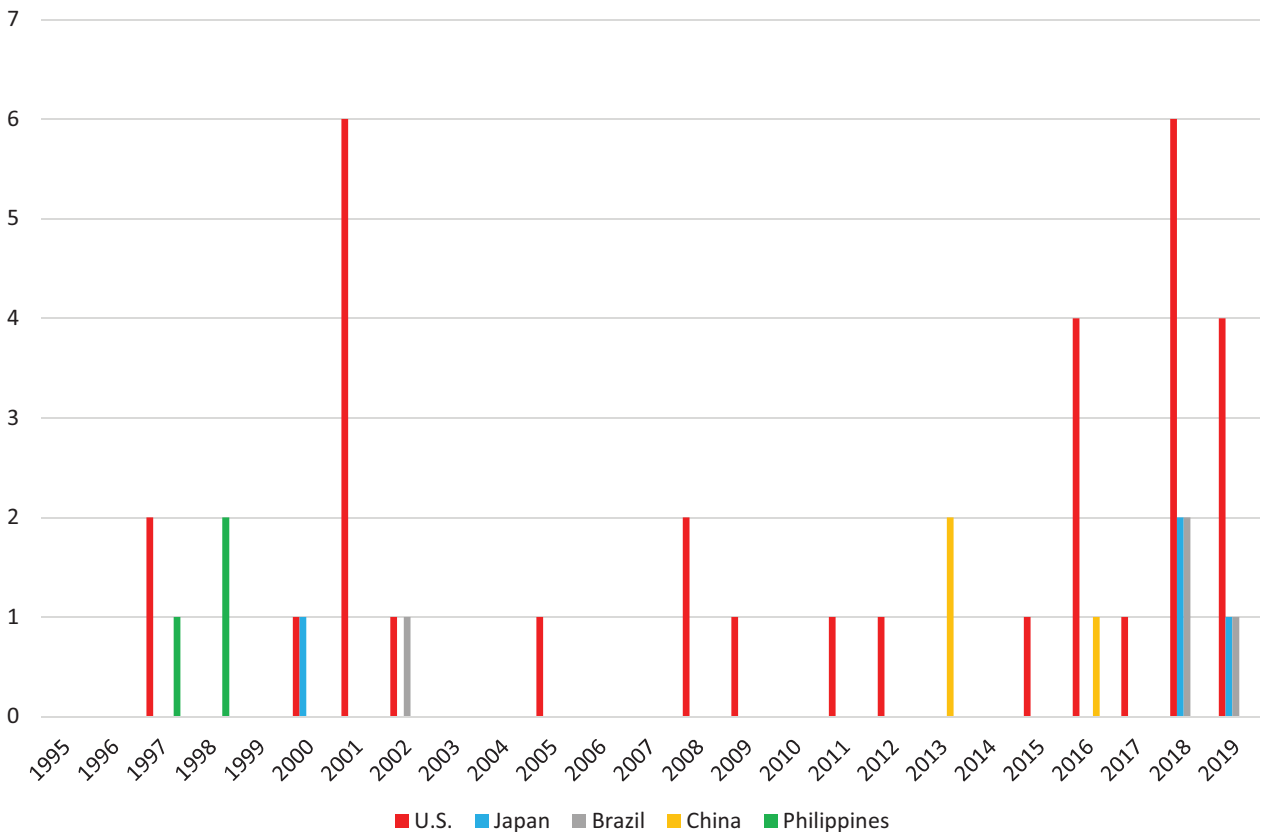


Figure 1. Systemic complaints in the DSB about the WTO-DSS (1995–2019), by year.

As is shown in Figure 2, of the whole WTO membership, the US had the highest share of trade remedy cases targeted against it. Cases where anti-dumping was combined with countervailing measures (so-called AD/CVD-cases) were counted as single trade remedy cases, not double ones. In addition, all cases have been consolidated, meaning that cases opened by several countries against a respondent on exactly the same issue were counted as one case. This was for instance so with respect to the steel safeguards taken by George W. Bush in 2002, the quantitative restriction cases (1997) and sugar/sugar cane cases (2019) against India, the raw material (2009 and again in 2016) and rare earth cases (2012) against China, the alcohol beverages cases (1995) against Japan, and the cases against Trump’s steel and aluminum measures in 2018. We treated the latter cases not as trade remedy cases (safeguards) as the original measure was not treated as such by the Trump Administration. It was, instead, treated as a national security measure. As far as the EU is concerned, the number of cases is based on both cases where the EU (formerly European Communities) was the respondent, or where one or more of its member states were targeted. Evidently, countries that became EU members after the WTO was founded are only added in this calculation from the moment that they became such member.

Figure 3 indicates that compared with the EU, the difference is outspoken across the entire timespan of the WTO-DSS with a peak in the period between 2000 and 2004, exactly the period when US systemic complaints reached their peak as well. The pattern for China is still difficult—because preliminary—to detect. The number of cases is still low, although rising, and within them, the share of trade remedy cases has increased, but not monotonously.

The prevalence of trade remedy cases among the dispute settlement cases in which the US has to defend

itself, and US systemic complaints about the WTO-DSS in the context of these cases, has affected the political viability of the WTO-DSS for and in the US. The term “trade remedy” largely covers anti-dumping measures and safeguard measures. The meaning of such remedies is, however, somewhat ambivalent. In principle, they are meant to enable a WTO member to protect itself against competitive advantages generated by unfair practices in other WTO countries or territories. This is most directly the case with anti-dumping measures. In practice, both practitioners and economists see them as tools that governments can use to manage the domestic political costs of increasing import competition due to trade liberalization, this by exploiting the interpretative leeway left by international agreements on them. Efforts to undo dumping are, indeed, often seen as hidden forms of protectionism. Safeguard measures are less ambivalent in this regard as they formally provide the possibility of temporary protection under the condition of suddenly rising imports and, causally related to that, serious injury to domestic producers of similar products. The WTO Agreement on Safeguards provides even for a three-year period in which such measures can be taken without obligations to provide compensation to the countries negatively affected by them.

The case of anti-dumping measures is particularly important and ambivalent here. Important because compared to safeguard measures, anti-dumping measures are politically more attractive to enact. They target specific foreign producers and, therefore, trigger trade conflicts with a limited number of countries, different from safeguard measures that are enacted *erga omnes* and, therefore, trigger reactions from a significant part of the WTO membership. They are ambivalent as they are enacted for either of two reasons: (a) dumping by a foreign producer; or (b) absent such dumping, temporary import-competitive relief for domestic producers. In the

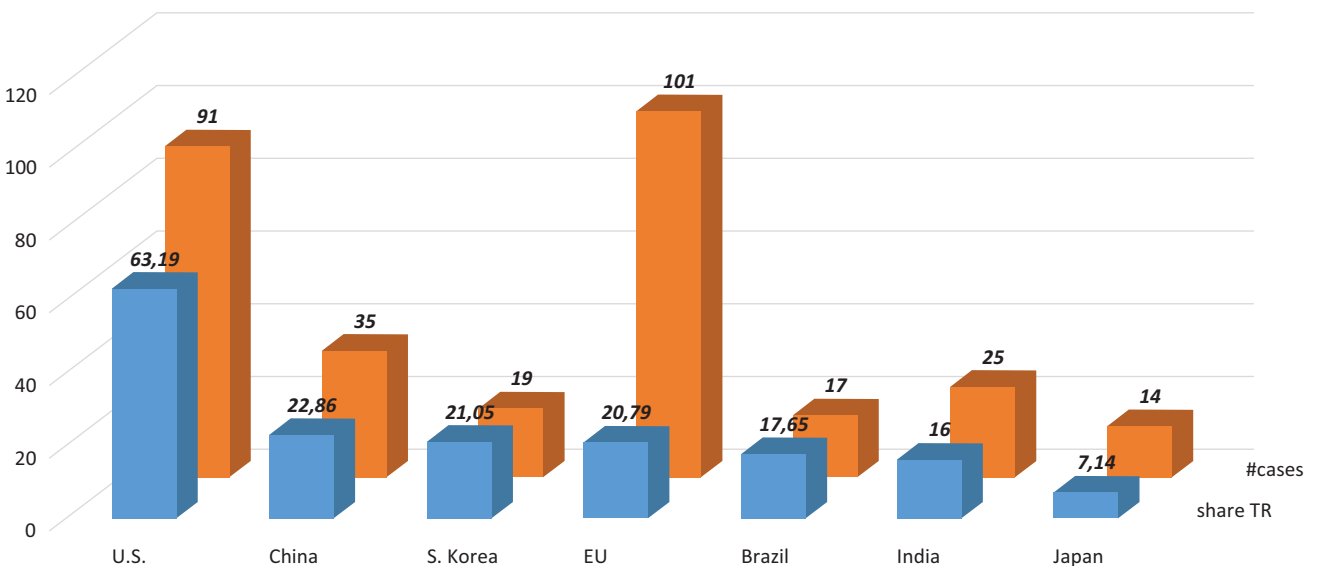


Figure 2. Share of trade remedy cases in all dispute settlement cases (1995–2019), by major WTO member.

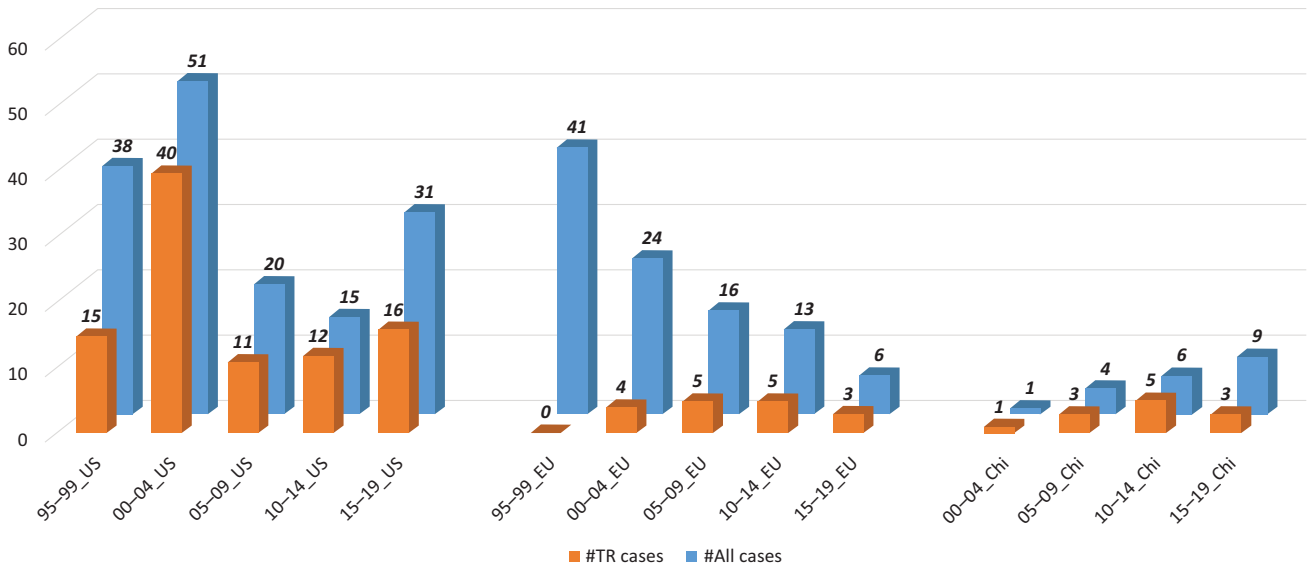


Figure 3. Number of trade remedy cases versus all dispute settlement cases (1995–2019), US, EU, and China.

latter case, trade treaty obligations are violated by the enacting country. Such violations are tolerated however for the sake of preserving the enacting country’s commitment to its trade treaty obligations in general. Scholars have pointed at this as “optimal escape” (Palmer, 2003; Pelc & Urpelainen, 2015; Rosendorff & Milner, 2001) that reflects an optimal outcome of the following tradeoff: The more leeway enabled in the implementation of a trade agreement, the higher the probability that such implementation will disturb the rights and obligations of all parties to the agreement, and with it, the agreement itself. The less leeway however, the higher the probability that domestic pressures will make it impossible for the parties to the agreement to consciously implement it, and with it the sustainability of that agreement itself.

In the WTO-DSS, most disputes on anti-dumping question the way in which the import prices have been established by the enacting country, the market with which these prices have been compared, the calculation of the prices in that market, the equivalence between the anti-dumping measure and the dumping margin, the presence of injuries among industries in the importing country, and the existence of a causal relationship between the claimed dumping and such injuries. All these elements have been provided for in the Anti-Dumping Agreement of the WTO but allow for interpretative leeway in their implementation. With it, numerous disputes about their application have been submitted to the WTO-DSS with the US as a frequent target. In the US however, dispute settlement rulings on these cases have increasingly been seen as a process wherein the gaps—the leeway—left by the US’s WTO obligations on anti-dumping and trade remedies in general have been “filled” by international panels and bodies not entitled to do so. With it, US contestation of the outcome of dispute settlement cases on anti-dumping has gradually but increasingly spilled over into contestation

about the operation of the WTO-DSS itself. This is visible when the comments of the US representatives in the DSB on such cases are compared with those on other issues (but equally brought against the US). Such comparison yields several observations. First, systemic criticisms on the DSS in non-trade remedy cases have been rare, apart from the exceeding of the 90-day limit by the AB, especially since 2005. A notable exception (five years into the DSS’s existence) was the US’s criticism (and warning) that the AB was engaging itself with the interpretation of the WTO agreements, whereas only the WTO members had the right to do so (see DS108, FSC case in *DSB Minutes*, March 20, 2000, p. 11). Since then, if such systemic criticism showed up, it was almost always in the context of trade remedy rulings by the AB.

Second, not all trade remedy cases against the US attracted systemic criticism from its representatives in the DSB, even if the US was on the losing side. Such criticisms started to show up from 2001 on, first somewhat reluctantly and increasingly virulently. Indeed, out of the 33 trade remedy cases against the US that resulted in AB-reports, 14 were accompanied with systematic criticisms from the US in the DSB (note that at this moment, 11 such trade remedy cases are still pending). There is no clear pattern here between anti-dumping, countervailing, or safeguard cases. The most virulent US attacks against the AB came, however, all in anti-dumping cases that dealt with zeroing. In these cases, the US representative referred to the “deeply flawed, and failed reading of the Anti-Dumping Agreement” (*DSB Minutes*, May 20, 2008, p. 10), the neglect by the AB of the key role that the acceptance of several, potentially “permissible” interpretations of anti-dumping methodology had played in reaching an agreement on anti-dumping in the Uruguay Round negotiations (*DSB Minutes*, Feb. 19, 2009, p. 20), and the fact that it created obligations “that had never been contemplated at the time the Anti-Dumping

Agreement had been negotiated and adopted” (*DSB Minutes*, Sep. 26, 2016, p. 13). The issue of zeroing can indeed be seen as something that really poisoned an already difficult relationship between the US and the AB, knowing that the trade remedy rulings against the US since 2001 instigated the problems between them. As the following quote from the 2005 report of the US House Ways and Means Committee succinctly states:

U.S. trade remedy laws have occasionally been impacted by dispute settlement panels that read more exacting, and sometimes impractical, requirements into WTO agreements. While the United States retains effective use of all of its trade remedy options, the panel “gap filling” in this and other areas raises very important concerns. (U.S. House of Representatives, 2005, p. 7).

The reference to “more exacting” is particularly important here. It reflects the irritation about the AB’s narrowing down of the US’s trade remedy leeway and the spillover of that irritation to the WTO-DSS as a whole. That such sensitivity about this “narrowing down” exists is not a surprise. It particularly affects the ability of policymakers to manage the costs of deindustrialization (cf. Posen, 2021), most notably in those US states that matter for the electoral outcome in the Electoral College, and thus the election of the president, but also members of Congress (Autor et al., 2020). The popularity of both left-wing and right-wing populist candidates and campaign messages in the US has further compounded this (Copelovitch & Pevehouse, 2019). With it, the sovereign risk that the creation of the WTO-DSS represents to the US became larger and palpable.

For the EU and trade remedy cases, the question of a reduced leeway through the WTO-DSS is much less of an issue, at least for now. Its trade remedy measures are far less targeted in the WTO-DSS compared with the US, and even if they are, they have not resulted in debates about new obligations being created through the WTO-DSS. This is partly related to the fact that the EU and its member states are much more used to supranational authority than the US is (Krämer-Hoppe & Krüger, 2017). That is not to say, however, that the EU is not affected by the rising popularity of both left-wing and right-wing populist candidates and parties, or more generally, by a globalization backlash—it is (Dür et al., 2020). The EU’s institutional characteristics—both in a hard (multi-level) as in a soft (socialization in favor of multilateralism) sense—have until now, however, prevented that this backlash would translate itself into a turning away from the WTO-DSS. Consequently, the EU’s reaction to the paralysis of the WTO-DSS due to the US was to play—together with a number of other WTO members—a leading role in saving it, and this in two ways: First, with the creation of a temporary parallel system of arbitration—the Multi-Party Interim Appeals Arbitration (MPIA)—and second with a range of proposals for WTO reform that

indicate that on some US complaints with respect to the AB, the EU is prepared to move along. This is particularly the case with respect to timelines (“justice delayed is justice denied”), and the need for the AB to exclusively address the legal issues raised by the appellants and this to the extent necessary to solve the dispute (so-called judicial economy; European Commission, 2021, p. 7). With it, the Commission recognizes some of the US complaints as “valid,” specifically about “certain adjudicative approaches of the AB as well as about specific rulings in certain cases,” a cautious reference to the zeroing issue mentioned above. At the same time, the EU stressed the importance of the AB’s independence and “the central role of dispute settlement in providing security and predictability to the multilateral trading system” (European Commission, 2021, pp. 7–8).

5. Conclusion

The dispute settlement system of the WTO is currently paralyzed. Even if the Trump Administration made the decision that led to this paralysis, its roots go deeper than the idiosyncrasies of one (populist) US presidency (cf. Riddervold & Newsome, 2022). In this article, we tried to show that the roots go back to the early days of the WTO-DSS, the difficult tradeoff for the US to agree with its creation due to its perceived sovereign risk, and the EU’s role in frustrating the benefits that the US expected from it. We also tried to show how the operation of the WTO-DSS—and particularly its AB—jeopardized the optimal escape in trade remedies that US policymakers believed to be needed to manage the political costs of trade liberalization at home. With it, the US approach to the WTO-DSS became diametrically opposed to the one of the EU, although the EU more recently recognized somewhat cautiously that some of the US’s concerns are valid.

The question of the US’s approach to the WTO-DSS goes deeper, however. It is clear from statements from the current Biden Administration that a return to the level of supranational—even if indirect—enforcement is almost impossible. These statements make indeed clear that for the US, the WTO-DSS should not be a system of litigation but rather a system that pushes the parties to a dispute into mutually agreeing on a solution rather than outsourcing this to a supranational judicial institute like the WTO’s AB. That remains substantially different from the litigation system that the EU prefers. What Goldstein and Martin wrote in 2000, namely that “legalization of the trade regime has...moved the nexus of both rule-making and adjudicating rule violations into the center of the [WTO] regime *and away from the member states*” (2000, p. 630, italics by the author), became and remains exactly the biggest problem with the WTO-DSS for the US.

Whatever the EU and other WTO members prefer and with a rising China in the background, and whoever is in office in Washington DC, a return to the old WTO-DSS seems out of the question.

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Conflict of Interests

The author declares no conflict of interests.

Supplementary Material

Supplementary material for this article is available online in the format provided by the author (unedited).

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Article

How Much of a New Agenda? International Structures, Agency, and Transatlantic Order

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Abstract

This article focuses on the links between transatlantic relations—a structured array of markets, hierarchies, networks, ideas, and institutions—and broader elements of international structure and world order. It argues that the changing state of transatlantic relations reflects changes in the structure of the relations themselves, but also structural change in the global and domestic arenas and how such change shapes or reflects the actions of a wide variety of agents. The first part of the article briefly explores the importance of international structure in order to identify the global forces that shape the context for transatlantic relations. The article then examines the key mechanisms in transatlantic relations which interact to create forms of transatlantic order; these create spaces for a wide variety of agents, operating within broader elements of international and domestic structure, and the article illustrates this through the ways in which the EU’s “new agenda for EU–US relations” sought to shape transatlantic interactions during the first year of the Biden presidency. The article examines the implications of transatlantic responses to the Russian attack on Ukraine in February 2022, and concludes that despite the move to enhanced EU–US cooperation in the short term, the interaction of structures, mechanisms, and actors will contribute to continuing differentiation of transatlantic relations, at least in the medium term, whatever the preferences of US and EU policy-makers.

Keywords

European Union; international structure; transatlantic relations; United States

Issue

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1. Introduction

On 30 November 2020, the *Financial Times* reported that the European Commission had initiated a campaign to “reboot” relations with the US, under the broad heading “a new EU-US agenda for global change” (European Commission, 2020; Fleming & Brunnsden, 2020). The implication was that acts of political will by Brussels and Washington could lead to a re-invigoration of transatlantic relations and re-position them as the core of a new approach to world order. But it was also implied that this would be a re-establishment of a form of transatlantic and world order that had been interrupted and disrupted by the Trump administration between 2016 and 2020. Such implications were chal-

lenged almost immediately by those who argued that there was no golden age centred on transatlantic order, that the world had changed in any case, and that the possibilities for re-establishment of transatlantic order as the basis for a new world order were illusory (see, for example, Moyn, 2020). During early 2021, a series of initiatives from both sides of the Atlantic attempted to establish an agenda to follow up on the warm feelings generated by the installation of the Biden administration, but with inconclusive results as of the G7 summit held in the UK during June. Despite institutional initiatives such as the establishment of the EU–US Trade and Technology Council (TTC), which directly reflected part of the EU’s “agenda,” actions in other areas were patchy and often halting. In August, the precipitate US withdrawal from

Afghanistan created sharp conflicts of view amongst members of the “Atlantic community,” whilst the growth of tensions in eastern Europe at the end of the year, followed by the Russian assault on Ukraine in early 2022, created new challenges for both the EU and the US. This article aims to explore the extent to which the assumptions behind the “new agenda” initiatives, in general, are valid, the extent to which they are challenged or vindicated by recent developments, and the extent to which transatlantic agency can overcome the structural constraints that emerge from international and domestic change. In doing so, it will focus on the key mechanisms underpinning transatlantic order, linking them to evidence from the first year of the Biden administration, as well as addressing the five areas of analysis identified in the introduction to this thematic issue (Riddervold & Newsome, 2022).

By taking this approach, the article cuts across each of the key arguments underlying this thematic issue and questions some of their key assumptions. It provides a description of transatlantic relations as reflecting structural constraints, which challenges assumptions about the types and levels of agency they encapsulate, and which also challenges assumptions about the key driving forces in transatlantic relations narrowly defined. Thus, assumptions about strategic utility, economic utility, the use of institutions, processes of crisis management, and the impact of domestic political change—in short, the ways in which agency on the part of policy-makers in the US and the EU is exercised—are here viewed within the context of structural forces and structuring mechanisms. In this perspective, transatlantic relations become an arena in which drivers of broader structural change are mediated and managed by the key participants, here the EU and the US. Concomitantly, in this account, the strengthening or weakening of transatlantic order is inherently linked to processes of structural change in the world arena, and thus cannot simply be the product of political will or practices on the part of those involved. The intention of the article is thus to question the extent to which agency (as expressed in policy initiatives on the part of the EU and the US) can overcome structural constraints and pressures. As such, it takes on board the debates about structure and agency initiated by Wendt and others and explores them in respect of transatlantic relations, starting from the importance of changing structures in creating constraints and opportunities (Wendt, 1987, 1992, 1999), linking them with the arguments advanced by Cox (1983) in relation to social forces, states, and world order, and by Strange (1988) in relation to the exercise of structural power.

2. International Structures as Drivers of Transatlantic Relations

In considering the potential impact of structural factors as drivers of transatlantic relations, it is important to understand what is meant by the term “structures.” Here,

the understanding is that structure at both the international and the domestic level is composed of three elements: the distribution of material power, the nature of governing institutions, and the nature of “reigning ideas” (Cox, 1983). This set of elements accounts for a broad sense of what constitutes “world order” at any given juncture, and it also shapes the nature of domestic orders. Structures can thus vary on a spectrum between hegemonic, pluralistic, and fragmented; they can be legitimate, contested, or subverted; they can generate leadership, followership, and forms of anarchy. In international relations, a host of terms has been coined to express these ideas: the nature of polarity (unipolar, bipolar, multipolar, variations such as “interpolar,” as in Grevi, 2009, and “bi-multipolar”); the nature of actions and interactions (unilateral bilateral, minilateral, multilateral, or, in some cases, “bi-multilateral,” as in Smith, 2005). The expression of such structures can be seen for example in terms of geopolitics and geo-economics (see, in this thematic issue, Hjertaker & Tranøy, 2022; Schwartz, 2022), or in terms of dominant and subordinate cultures.

One specific expression of these structural forces is that of “structural power.” The nature of structural power is well set out by Strange (1988, p. 25):

Structural power...confers the power to decide how things shall be done, the power to shape frameworks within which states relate to each other, relate to people, or relate to corporate enterprises. The relative power of each party in a relationship is more, or less, if one party is also determining the surrounding structure of the relationship.

One might add that variations in international and domestic structure can produce the capacity to determine the structure of relationships and that this can be a self-perpetuating state of affairs. This capacity to frame the terms of interaction, to shape—if not dictate—how domestic and international activities are conducted, is partly material (reflecting the distribution of material power referred to above), partly institutional (derived from the ability to shape rules and terms of action and interaction), and partly ideational (conferring the power to shape perceptions and norms both domestically and internationally). In these ways, it relates not only to “hard power” but also to major elements of “soft power” (Nye, 2004, 2011) as observed in contemporary domestic and international processes, and to the ideas of international order outlined above.

This means, in turn, that significant roles are played in world order by “structural powers” (Keukeleire, 2003; Keukeleire & Delreux, 2014; Keukeleire et al., 2009)—actors that can use their predominant agency to shape the nature of international interactions and, importantly, to get under the skin of those they interact with to shape domestic structures and practices. Both the EU and the US can be identified as “structural powers,” but so can Russia, China, and others (for an exploration of US

structural power see Schwartz, 2022). A key implication of this argument is that structural power at the global level is exercised by a limited number of key actors, and thus that only a small number of agents have the “reach” to be able to shape and re-shape the global order; but as will be seen later, this narrow conception of agency can be challenged by the presence and activities of a much wider range of actors at the level of transatlantic relations.

Alongside considerations of structure and agency it is important to deal with issues of change and transition. Whilst it might be tempting to assume that international and domestic structures are always clear and uncontested, the reality is that they are often contested, chaotic, decaying, or emergent. This untidy reality is often expressed in the ideas of power shifts or power transitions, and again it can be observed at both international and domestic levels (Alcaro et al., 2016; Brown, 2018; see also Hjertaker & Tranøy, 2022; Kerremans, 2022; Schwartz, 2022). There are two sets of possible implications attached to these kinds of situations. The first is that of *process*—that power shifts or power transitions can produce uncertainty, challenges to established institutions and ideas, and the emergence of competing rules and practices. The second is that of *outcomes*—the ways in which shifts or transitions result in losses or gains of status, transfers of structural power, and new alignments within the global or national arenas. In such conditions, the importance of agency is heightened, since new actors can emerge, established actors can be challenged, and existing practices and perceptions can be transformed.

Changes in international or domestic structures link strongly to perceptions of risk or opportunity among participants. Thus, it is important to consider the idea of risk or opportunity structures as part of the ways in which international and domestic structures can shape the activities of agents and the evolution of world orders. The literature of opportunity structures distinguishes between those that are open with respect to a given actor and those that are closed—and also allows for processes of opening and closing that can radically affect the available spaces for action (Tarrow, 1996, 1998; Tilly & Tarrow, 2006). The same line of analysis can be applied to structural components of risk, to distinguish between contexts in which risks are salient or unobtrusive, and to assess the extent to which risk structures are open to management or shaping by those involved in a given order. Thus, for example, in the height of the Cold War, the level of risks perceived by the members of the European Community was undoubtedly high, but it was far less clear how this could be managed by the European themselves; equally, in the late 1990s, after the end of the Cold War, there were opportunities for the European Union to expand its international activities in areas of “high politics,” but those opportunities were progressively closed off in subsequent periods (Smith, 2012) and, in some cases, for example in Eastern Europe, accompa-

nied by significant risks. The development of the EU’s global strategy (European External Action Service, 2015; European Union, 2016; see also Tocci, 2017) and its implementation between 2015 and 2021 reflected both the desire to re-position the Union between shifting structures and the limitations inherent in those structures (Smith, in press). In this context, the EU’s Joint Communication on EU–US relations can be seen as an attempt to capitalise on a specific conjuncture and the opportunities it was seen as creating for the exercise of leverage (European Commission, 2020).

What are the implications of this discussion for current transatlantic relations? It is widely accepted that current international structures are in transition and that the key elements of the “old order” are contested. Thus, the material distribution of power is challenged by emerging powers, and especially by China, at the same time as status quo powers such as the US have been uncertain and introspective (Alcaro et al., 2016; Brown, 2018). This is not simply a product of the “Trump era”; indeed, it has been gathering momentum since the late 1980s. There are also challenges to the distribution and use of power within both the US and the EU: The impact of the Trump administration was not simply a reflection of contingencies during the period 2017–2021, but indicative of a broader process of division and contestation that has been going on since the 1970s, whilst the challenges to the EU posed by nationalist and populist movements have created—or rather sharpened—challenges to the legitimacy of institutions at the domestic level that have been incubating for decades (Smith, 2021). But the change is not definitive—it is a work in progress, which leaves scope for agency, for opportunities to be exploited, risks to be managed, and the emerging order to be shaped. It also creates the possibility of seismic shifts that can create acute crises, as in the case of the Russian attack on Ukraine. This is a challenge both for the EU and for the US, providing the context for the next part of the argument here, which focuses on the mechanisms through which these structural forces come to bear on transatlantic relations and through which a range of actors can exercise their influence.

3. Key Mechanisms in the Evolution of Transatlantic Order

Transatlantic relations constitute a hybrid system, sustained by a range of overlapping and interlinked mechanisms. This part of the article considers how these mechanisms channel, mediate, or respond to the kinds of broader structural change outlined above, and thus how transatlantic order is shaped by change in international and domestic structures as well as the practices of key agents. Five key mechanisms are considered here: markets, hierarchies, networks, institutions, and ideas. These mechanisms are interconnected and co-constitutive in the evolution of transatlantic order, and they link strongly to the earlier discussion of

international structure (and see also the discussion of transatlantic policy coherence in Raube & Vega Rubio, 2022). Here, general discussion of each mechanism is then related to specific elements of the “new agenda” proposed by the EU in 2020 to provide empirical “probes” of the processes and practices entailed and of their implications for transatlantic order.

First, transatlantic relations are in significant part relations of markets. The political economy of relations especially between the EU and the US is one of the longest-established areas of analysis, responding to the political/economic focus of the European integration project and the progressive economic entanglement of the EU and the US over a period of seventy years (see, for example, Diebold, 1972; Hamilton & Quinlan, 2021; Tsoukalis, 1986; see also Hjertaker & Tranøy, 2022; Schwartz, 2022). The focus may originally have been on trade in goods, but as the relationship has evolved, it has encompassed more and more issues relating to financial services, investment, and most recently the knowledge economy. The patterns of evolution in transatlantic market relations and the ways in which they have reflected a broader structural change in the world political economy are thus a dynamic source of change in the transatlantic order. In this context, processes of globalisation and potential de-globalisation loom large: It has been argued at times that if globalisation has thrived anywhere, it has thrived in the transatlantic political economy, but recent evidence is more equivocal. The persistence of protectionism in some areas such as agriculture has now been joined by various degrees of economic nationalism on both sides of the Atlantic, most obviously during the period of the Trump administration in the US and the rise of populist and nationalist elements in EU domestic politics. This trend has been given an added twist by the rise of economic powers outside the Atlantic area, most notably China, and by the differential responses of Brussels and Washington to this phenomenon (see Kerremans, 2022). At the same time, however, there has also been continuing evidence of the role of transnational and transgovernmental networks in perpetuating linkages (see below, this section). The result has been a picture of unevenness and uncertainty, straining institutions, making negotiations such as those between 2013 and 2016 aimed at a transatlantic trade and investment partnership more fraught (De Ville & Siles-Brugge, 2016; Morin et al., 2015; Young, 2016), and putting pressure on what have been assumed to be central norms of market management. The interaction of international and domestic structures is both apparent and impactful, creating uncertainties and tensions and challenging established practices.

It is thus not surprising that one of the key elements in the EU’s proposed “new agenda” for transatlantic relations was a revitalisation of attempts at managing transatlantic (and by extension global) markets. The Joint Communication identified several key areas in which joint EU–US action could exert significant influ-

ence: trade in health products (especially in light of the Covid pandemic), “green trade,” the regulation of new and emerging technologies, for example. Structured transatlantic dialogues, joint action in multilateral arenas and, in some cases, joint institutions were proposed. The attempts to pursue this part of the agenda reflected one key fact: The nature of international structures and the range of international agents to which these initiatives might apply was wide-ranging and in some ways uncontrollable. It was also the case that in at least some of these areas, EU and US interests were not instinctively compatible. An extreme example of this condition was provided by international energy markets—an area in which the EU and some of its member states faced almost existential threats given the role of Russia, but in which the US had a far more distant interest given its relative self-sufficiency. Parallel to this was the differential between EU approaches to China (see also Raube & Vega Rubio, 2022)—shaped by commercial as well as security and values considerations—and that of the US, predominantly governed by security and values such as human rights; this was focused especially by the possibility of a far-reaching bilateral investment treaty between the EU and China, which caused tensions within the Union itself (Wintour, 2021).

Second, transatlantic relations have been characterised by hierarchies—most obviously in security (see, in this thematic issue, Cross, 2022; Knutsen, 2022; Rieker, 2022). For much of the history of the transatlantic order, the US was presumed to be the effective leader on both sides of the Atlantic because of its material power and its capacity to shape rules and institutions. The liberal international order has been as much a reflection of the predominance of the US as it has been an expression of the growth of interdependence (Ikenberry, 2018, 2021; Peterson, 2018). But by the same token, the decay of that order, its fragmentation and potential collapse have also reflected the erosion of US predominance and the unwillingness of US administrations to assume the mantle of leadership. The effects have been felt in terms of the perceived legitimacy of Atlanticism, both in the US and in the EU, and were especially intense during the Trump administration: The erosion of trust and legitimacy may have been accentuated by Washington’s actions between 2017–2021, but it did not originate during that period (Jones, 2021; see also Olsen, 2022). At the same time, the capacity of the EU to compensate for these fluctuations in hierarchy, and to others focused outside the transatlantic area, has been in question: The strategic inadequacies of “European foreign policy” and its security dimension, the defection of the UK through the “Brexit” process, and internal tensions over the meaning and operationalisation of neighbourhood policies have all contributed to the erosion of belief in the idea that the EU can operate as a “power” in the world and transatlantic arenas (Duke, 2017), despite recent assertions that the EU should become more “geopolitical” and muscular in its external actions (Biscop, 2019;

Blockmans, 2020). The result of these intersecting fluctuations is as much psychological as material: The notion of a settled and acceptable hierarchy in transatlantic relations has been challenged and in places undermined.

In this context, the Joint Communication proposed reinvigorated EU–US cooperation in the “safeguarding of democracy,” expressed through the pursuit of security and enhanced resilience not just in the transatlantic area but also in key regions of the world. This was an explicitly geopolitical perspective, in line with the new geopolitical orientation proclaimed by the European Commission on its installation in 2019. A parallel process was set in motion by the Biden administration during 2021, in the shape of the Summit for Democracy, held in December of that year. The Joint Communication called for an EU–US dialogue on defence and security, but events in 2021 and early 2022 challenged this deliberative image of the transatlantic relationship (although the dialogue was to have its first meeting in early 2022). The US withdrawal from Afghanistan, set in motion by the Trump administration but accelerated in the Summer by the Biden presidency, gave only a marginal and reactive role to the EU. Perhaps even more dramatically, the transatlantic response to the increasing tensions in eastern Europe during late 2021 and early 2022 saw the EU scrambling for a place at the table in a situation where US-Russian summitry took pride of place (Foy, 2022). This may have been an inevitable outcome of the geopolitical context, but it was a sharp reminder to Brussels that whatever its leverage in areas of “soft power” and geo-economics, the shift towards “hard power” privileged the US.

Despite such disparities, there is considerable resilience within the transatlantic order, reflecting in part the structural importance of another mechanism: networks. In addition to the essentially intergovernmental relationships implied in considerations of hierarchy, there is a good deal of evidence that transgovernmental and transnational relationships have enduring strength. This injects another dimension into the consideration of transatlantic order, most explicitly identified by Pollack and Shaffer twenty years ago (Pollack & Shaffer, 2001; see also Steffenson, 2005). Networks of officials and non-governmental actors ranging from multinational corporations through humanitarian and cultural bodies may be shaped by intergovernmental relations, but they also respond to market relationships, to the establishment and persistence of institutions, and to the transatlantic dissemination of ideas about the nature of international and transatlantic order. This does not mean that such networks have not been disrupted; indeed, one of the more obvious effects of “Trumpism” was the intense politicisation of apparently professional or socio-cultural networks, both within the US and across the Atlantic. Another source of disruption at the EU level was the contagion of “Trumpism” into domestic political, social, and cultural activities, and thus the disruption of networks in the domestic context as well as at the transatlantic level. At times, these were also accompanied by the interven-

tion of “challenger networks” associated for example with China (through the Belt and Road Initiative and the 17+1 processes, through which China developed links with sub-groups of EU member states), and thus reflective at least indirectly of the international power shifts identified earlier in the article. The overall effect of these trends has been to throw into question some of the most central elements of transatlantic integration, within a context of more generalised “competitive interdependence” (Damro, 2016; Sbragia, 2010; see also the discussion of policy coherence in Raube & Vega Rubio, 2022) at the transatlantic and global levels. But at least at present, it does not appear that these tensions have fatally undermined the resilience afforded over an extended period by the growth of transatlantic networks.

Implicit in the Joint Communication was an assumption that both the EU and the US shared an interest in the promotion of transatlantic networks; these were proposed in a variety of areas such as health, climate and technology. There is no doubt that the growth of powerful and persistent transnational and transgovernmental links has been at the centre of transatlantic order, and that this has given space for the agency of a wide range of actors. Thus, the aim of promoting and enhancing this infrastructure is logical—but given the breadth and diversity of actors engaged in the process of network-building, it is not wholly or even (at times) partly under the control of the EU and the US as governmental actors. Not only this, but it engages directly with some of the issues of domestic structure that have come to shape transatlantic relations. The general aim of constructing networks in key sectors and engaging business, non-governmental organisations as well as constructing transgovernmental networks can be and has been frustrated by the often powerful agency of groups as diverse as the coal lobby, “big pharma,” and transnational corporations in the transportation area. The EU and the US during 2021 cooperated more effectively than before in areas such as climate change, and the Summit for Democracy in December 2021 brought together a wide range of governmental and non-governmental groups to discuss a range of material and normative problems, but it is clear that fostering productive networks—and challenging powerful existing networks—is often easier said than done (for a perspective on EU and US dealings with China see Raube & Vega Rubio, 2022).

The discussion above demonstrates the role and the contestation of institutions broadly defined. At one level, in the transatlantic context these have been perceived as the institutions of liberal democracy, as the cement of the liberal international order and as an expression of the post-World War II settlement that was sustained by US leadership and European followership (Alcaro et al., 2016; Bouchard et al., 2014; Ikenberry, 2018, 2021, Chapter 7; Peterson, 2018). To that extent, they represent the operation of the mechanisms noted above—a kind of institutional structure aligned with and reflected in markets, hierarchies, networks, and

ideational convergence. It is questionable whether the institutions of transatlantic and global governance were ever uncontested at the transatlantic level, but it is clear that in recent years, they have been subject to intense questioning, and in some cases intense neglect. Most obviously, the Trump administration explicitly rejected recourse to a number of EU–US institutions, emphasised bilateral relations with sympathetic EU member states like Hungary (Sevastopulo & Chazan, 2019), and openly questioned the continuing utility of NATO. On the EU side, the response was uncertain, with elements of resistance and also of attempted reconciliation (for example on questions of economic sanctions). Where the Trump administration’s unilateral actions effectively placed the EU in a position of dependency, for example on sanctions against Iran, one marked response by the Union was to emphasise the pursuit of “strategic autonomy,” with particular reference to the US (see, for example, Fiott, 2018; Howorth, 2018; Youngs, 2021). Another EU response was to institutionalise its relationships with other “strategic partners,” although this has not achieved unbroken success (Ferreira-Pereira & Smith, 2021). A third, as noted above, was to re-emphasise commitment to global multilateral institutions and to underline the Union’s commitment to global governance.

These institutional developments meant that the EU was persuaded to base its Joint Communication on an assumption of institutional equivalence between Brussels and Washington—indeed, the whole “new agenda” could be read as a call for the intensive institutionalisation of the transatlantic relationship, and in a way for the consolidation of a strategic partnership between the EU and the US. This partnership was conceived as extending to joint activities in multilateral bodies such as the World Trade Organisation, and thus to a direct attempt to reform institutions of global governance. At the Transatlantic level, its major initial product was the EU–US TTC, which met for the first time in Pittsburgh during September 2021. This was in itself a direct output from the EU’s “new agenda,” and it set up ten working groups to review a wide range of trade and technology issues, together with a call for engagement from a wide range of industrial and civil society stakeholders (European Commission, 2021). In its scope and presentation, the TTC has echoes of earlier transatlantic efforts to formalise this partnership, such as the New Transatlantic Agenda of 1995 and the Transatlantic Economic Council of 2007. A question that immediately follows, though, is: How far can the TTC contribute to a full transatlantic partnership in the conditions of flux and geo-economic realignment that characterise the 2020s?

A final dimension of transatlantic order is the role of ideas and values. These have been inseparable from the development of relations in terms of markets, hierarchies and networks, and from the distribution of material power and ideas within the transatlantic order. Whilst they can be defined in terms of pluralism, liberal democracy and open markets, they have always been strongly

infused with considerations of US power, both material and institutional. Most particularly, they have been conceived in terms of multilateralism: the set of practices and values that privilege the management of relationships in terms of reciprocity, negotiation, and institutionalised habits of cooperation (Smith, 2018). In recent years, this apparent consensus on core values and practices has been challenged in two ways. First, there has been the challenge of competing multilateralisms, reflecting the material power shifts that have taken place in the world arena and challenging the assumed centrality of “western” values and models. As in other areas, the key challenge here has emerged from China, which has promoted a form of multilateralism shaped by the interests and resources of an emerging superpower. Second, and much closer to home, the crisis of multilateralist ideas was heightened by the behaviour of the Trump administration in disowning multilateral commitments, pronouncing an international policy based on “America First” and practising the politics of unilateralism or opportunistic bilateralism (Smith, 2021). As with other areas, such ideational disruptions can be traced back, in part, to the broader disruption of the world order, to the emergence of new powers, and to the contestation of “reigning ideas.” But they are also integral to the current and recent state of the transatlantic order itself (as suggested, this thematic issue, by Olsen, 2022). One response by the EU has been to double down on ideas of multilateralism, through the Franco-German proposal in 2019 for a new global governance initiative under the banner of the “alliance for multilateralism” and the subsequent Joint Communication on the EU’s role (European Commission & European External Action Service, 2021; Kaplan & Keijzer, 2019), alongside the idea noted above, that the Union should promote its own “strategic autonomy” and thus a more muscular and “geopolitical” approach to external action as well as a network of bilateral strategic partnerships.

This implies that the Joint Communication of December 2020, and the EU’s “new agenda” for EU–US relations, can be read explicitly as a template for a reassertion of common values and ideas at the transatlantic level, and a reflection of the EU’s search for agency in that process (European Commission, 2020). Key to this effort are the linked ideas of multilateralism and democracy. Throughout the Joint Communication, it was made clear that the EU wished to regenerate ideas of multilateralism and to form the kind of partnership with the US that might form the basis for a revival of multilateral institutions for global governance. At the level of EU–US relations, this implied a commitment to openness and reciprocity, while at the global level it promoted the idea of the rules-based international order—and openly cast the EU and the US as points of resistance to competing models of order such as those promoted by the Chinese. In the case of democracy, the Joint Communication set out an agenda for the defence of democracy and for the promotion of resilience where

democratic institutions are challenged. The defence and revitalisation of democracy was also at the core of the Summit for Democracy held by the Biden administration in Washington DC in December 2021 (The White House, 2021)—not simply an EU–US initiative, but a much wider multilateral event organised and framed by the US, and one that involved a very wide range of governmental and non-governmental bodies.

4. Conclusion

This article has attempted to clarify the relationship between changing international and domestic structures, the nature of transatlantic relations, and the pursuit of transatlantic order through several key mechanisms. Overall, the argument leads to a number of key conclusions. These relate to the nature and extent of changes in the world order, which have created a context of flux and transition, to the implications these changes have for the exercise of agency and, particularly, for the exercise of structural power, to the ways in which they have been mediated and shaped by mechanisms at the transatlantic level, and to the challenges that structural change has created for the effectiveness of those mechanisms (markets, hierarchies, networks, institutions, and ideas). Whilst the impact of overall structure can be seen as crucial in a very broad sense, it is at the level of mechanisms and domains that the evolution of EU–US relations can be defined more precisely, and the fate of the EU’s call for a “new agenda” can be evaluated. This is especially the case in light of the crisis created by the Russian attack on Ukraine in February 2022. At a stroke, this event raised a set of linked challenges to EU–US relations and to broader transatlantic relations in respect of markets (through its reverberations in terms of energy security and economic sanctions), hierarchies (through its attack on the European security order and its escalation of risks in defending that order), networks (through its impact on public and private actors at the transnational and the transgovernmental level), institutions (through its rejection of core principles of international cooperation and negotiation), and ideas (through its frontal assault on democracy and legitimacy in the European order). How is analysis of this set of challenges supported by the discussion in this article?

The discussion of mechanisms, as opposed to broad structures, gives a nuanced and differentiated view of the ways in which transatlantic relations have been affected by broader forces of global structure and domestic pressure. The assumption that there would be a return to a form of transatlantic order familiar to those whose world had been challenged by the Trump administration, focused on multilateralism and the evolution of the EU–US partnership, ignored or wished away the longer-term structural changes that had operated not just between 2017 and 2021, but arguably from the end of the Cold War in the 1990s. In this context, the EU’s push for a “new EU–US agenda” could be seen as a

plan for the renewal of transatlantic order and governance. But it could also be seen as a play for recognition as a “partner in leadership” or an attempt to create a situation in which the EU and the US together could re-shape broader world order and global governance—both of these implying an assertion of agency and structural power. Equally, the Biden administration’s reinvigoration of multilateralism could be seen as an attempt to bring together democracies on a global level (the idea of the D10 democratic countries and the Summit for Democracy). But it could also be seen as a reassertion of the US’ right to lead, or as a recipe for western unilateralism, with the aim of defying or rolling back the geopolitical and geo-economic shifts analysed earlier and reasserting the US’ predominant agency. Both of these positions encapsulate a specific idea of agency: that it is for the EU and the US to act as partners in the revitalisation of the rules-based international order, and that if they get their act together, then others will feel able to fall in line and reject the alternatives. The Russian attack on Ukraine posed a direct challenge to such ideas, but at least in the short term it appeared to lead to a broadening and deepening of partnership between the EU and the US, in which the EU was able to take on a role in the joint leadership of a transatlantic response, and move beyond a purely “civilian” or soft power orientation.

This appears to confirm that an enhancement of transatlantic partnership cannot simply be pronounced as a comprehensive strategy: It has to respond to the specific structures, processes, and range of agents present in key areas of transatlantic and world order—and in this case, to the crisis in eastern Europe provoked by Russian actions as well as to broader challenges (Rachman, 2022). Thus, while it is clearly possible—but challenging—for the EU and the US to concert their activities in terms of markets, this does not pre-ordain that their efforts will be successful either at the transatlantic or at the global level as the implications of sanctions become apparent on both sides of the Atlantic. While it is possible for the EU to present itself as a newly capable partner for the US in matters of security, the inexorable effects of the geopolitical hierarchy may expose the limitations of such a view in the longer term. Whilst networks are a source of resilience and creativity at the transatlantic level, they are far from completely subject to EU–US cooperation at the governmental level, and they are often global in their scope and reach—creating tensions as responses to the events in Ukraine feed into the operation of commercial and governmental communication chains. Transatlantic institutions can be reformed, maybe as the basis for a “bi-multilateral” effort to cooperate in pursuit of leverage in global governance, but they have to operate in a world of “competitive interdependence” where there are rivals and alternatives—and since February 2022 in a world where the foundations of the liberal world order have been fundamentally challenged. Finally, the regeneration of multilateralism

and democracy can be adopted as a transatlantic project, but it depends upon far more than EU–US cooperation if it is to extend beyond the north Atlantic area in a newly-hostile environment.

In terms of the five more specific (and largely agent-centred) arguments that are central to the thematic issue, an estimate of their validity looks as follows in light of the discussion here. The first argument, focused on “strategic utility,” is partly borne out by the discussion, but with the major qualification that the “strategic utility” of the transatlantic relationship to both the EU and the US is strongly conditioned by broader forces of world order and international or domestic structures. Likewise, the economic utility of the relationship is strongly conditioned by the structural shifts in the global economic order outlined in the article, and by the intervention of external actors. The transatlantic relationship is not a sealed system—in fact, it is heavily dependent for its relevance on considerations of international structure and world order. In relation to transatlantic institutions, the argument is borne out in part, since the established institutions of transatlantic relations are certainly challenged and demand restoration. But even if they are restored, how effective might they be in constructing a transatlantic order that is resilient and relevant in the face of broader structural change? In relation to the fourth argument about mutual perceptions, it is not clear that perceptions on either side of the Atlantic have adjusted to the kinds of structural change—and the kinds of long-term strategic solutions—that might be required to make the relationship relevant. In this context, it is vital that policy-makers on both sides focus not only on the measures necessary to restore trust and resilience, but also on a realistic assessment of the relevance of the transatlantic order and the agency available to both the EU and the US, in a world in transition. Finally, there is support for the argument advanced by the editors in the introduction to this thematic issue that domestic political and other cleavages can challenge the legitimacy of transatlantic order by providing structural constraints on the activities of governments and other institutions (Riddervold & Newsome, 2022); but there is also evidence that these pressures coexist with external structural constraints and opportunities in a complex set of processes that can create unexpected conflicts and contradictions. Despite the transatlantic unity achieved in the face of the Russian assault on Ukraine in February 2022, and the significant evidence of EU policy development in fields closely linked to “hard security” at that time, it is too early to conclude that a step-change in transatlantic relations will result, or that the EU will achieve the kind of “strategic autonomy” that would make it a full strategic partner for the US in challenging times. Still less is it possible to assert that the capacity of the EU and the US to exercise structural power in Europe or more broadly can be maintained or enhanced in a potentially transformed world order.

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Editorial

Conclusion: Out With the Old, In With the New? Explaining Changing EU–US Relations

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Abstract

This article summarizes the thematic issue findings, focusing on the factors that contribute to stabilize or weaken EU–US relations. Seen together, the articles have systematically documented that there is a growing pressure on transatlantic relations both in multilateral institutional settings as well as in foreign and security policy. On the one hand, transatlantic relations within NATO are strengthening in the context of Russia’s new war in Ukraine, pushing Europe closer to the US and papering over disputes among European nations about the course of intra-European security cooperation. Shared norms and institutions as well as non-state actors with an interest in keeping the relationship strong for economic, strategic, or more normative reasons also serve to stabilize the relationship. On the other hand, longer-term geopolitical and economic structural changes together with domestic factors, particularly in the US, and in some cases diverging interests, suggest a parallel longer-term weakening of the relationship.

Keywords

domestic politics; European Union; interdependence; strategic interests; transatlantic relations; United States

Issue

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1. Introduction

The two main crises facing the transatlantic partners in recent years—the Covid-19 crisis and the Ukraine crisis—suggest two opposing trends in EU–US relations. While the EU and the US came together in a strong and coordinated response under a US lead when Russia invaded Ukraine in February 2022, we saw the complete opposite when the Covid-19 crisis hit the world in 2019. In fact, the Covid-19 crisis is the first crisis since WWII where the US did not take the lead in coordinating and finding a solution together with its European partners within the multilateral system. So, which one, if any, of these crises shed light on the strength of transatlantic relations? Does the Covid-19 crisis testify to a changing US foreign pol-

icy and a more general weakening of EU–US relations? Or was this simply an exception to politics as usual in what is still a strong transatlantic relationship, that has also been strengthened with recent events in Ukraine? This thematic issue sets out to explore whether there is a longer-term weakening of transatlantic relations that goes beyond any one president or international event. We set out to not only describe but more importantly explain the trends we observe. After all, only by systematically teasing out the factors that contribute to stable or weakening relations across cases can we get more generalizable knowledge not only of what characterizes EU–US relations but, more importantly, what the long-term trends of these developments are and what we might expect to see in the future.

To contribute to this, the articles in this collection have conducted in-depth case studies across two key thematic areas of EU-US relations, namely foreign and security relations and EU-US relations in various multilateral institutions and settings. This article summarizes our analysis, focusing on the factors that contribute to stabilize, strengthen, or weaken EU-US relations.

2. Findings: Transatlantic Foreign and Security Relations

Four of our articles, by Mai'a Cross, Bjørn Olav Knutsen, Gorm Rye Olsen, and Pernille Rieker, explore transatlantic foreign and security relations (Cross, 2022; Knutsen, 2022; Olsen, 2022; Rieker, 2022).

Two articles analyze transatlantic relations within NATO (Knutsen, 2022; Olsen, 2022). Whereas Knutsen (2022) discusses the inability of European actors to decide whether NATO or the EU is the appropriate arena for further defense integration as a response to weakening transatlantic relations, Olsen shows how these disagreements took a backseat to the question of Russia's new war in Ukraine and the swift leading US response taken in consultation with European allies in NATO and the EU. Olsen (2022) examines four cases of EU-US security relations, namely: within NATO; in the context of the US pivot to Asia; in connection to sanctions targeted at Russia; and the war in Afghanistan. Olsen argues that transatlantic ties have actually deepened in no small part owing to the Russian invasion of Ukraine in 2022. The invasion resulted in the US stepping into its timeworn role as lead actor of joint EU-US security challenges. Olsen concedes his overall assessment of strengthening EU-US relations in foreign and security policy has been obscured by contradictions in US security approaches across and within US administrations. However, he marshalled evidence to show that these inconsistencies should be decoupled from the broader direction of EU-US ties. Informed by realist theoretical underpinnings, Olsen discusses and contextualizes former US president Trump's disparagement of NATO in public statements as rhetoric that did not alter the US interest in maintaining NATO. In fact, the US still upheld its part of the NATO bargain and the European NATO members upheld their commitment to the US-led defense organization. Regarding the US pivot to Asia, the EU did not forge a distinct separate path, rather Olsen finds that the EU mirrored a tougher US approach to China, by ceasing further negotiations on the "EU-China Comprehensive Agreement on Investment" and in issuing statements describing China as a "strategic competitor," again echoing the US. In the case of Russia, Olsen finds that the EU and US response to Russia has been converging since the 2020 US election and Russia's 2022 attack of Ukraine further unified the partners. The most tenuous part of Olsen's argument concerns the sudden exit of US forces from Afghanistan by the Biden administration without input from European allies. Ultimately,

Olsen argues that while this decision had the potential to significantly harm EU-US relations, the Afghanistan exit did not decrease European or American commitments to NATO.

Knutsen's (2022) article examines policy developments in three areas linked to European defense: strategic autonomy, the Strategic Compass, and the European Defence package. Knutsen argues that the transatlantic relationship is on the decline and its impact can be seen in intra-European defense discussions. Knutsen disagrees with Olsen in that he sees the American exit from Afghanistan as evidence of weakening EU-US ties. Knutsen's argument, similar to Hjertaker and Tranøy's (2022) perspective in this issue, depends heavily on a view of US leadership as a critical factor in transatlantic relations. However, for Knutsen, the impact of US leadership is also influential in its absence in that European nations' lack of unity on how NATO and greater defense integration within the EU fit together, is animated by the absence of US leadership in security challenges for Europe. Knutsen also highlights external factors which have been important for the European lack of coordination on common defense issues and he lists "Putin, Brexit, and Trump." For Knutsen, this impasse among Europeans has been impacted by US political actors in that US national interests have not been viewed as compatible with EU strategic autonomy in defense, rather the US prefers that its European allies develop their military capabilities under US leadership. Knutsen also discusses the specific bilateral tension between the two largest EU member states and NATO members, France and Germany. While France has invested in its own national weapons stockpile and in new military technologies and wants to lead European integration in defense, Germany has historically opposed EU integration in security matters and publicly expressed support for the primacy of NATO to address European security challenges.

Cross (2022) explores EU-US relations in the increasingly important domain of space. Both Cross (2022) and Olsen (2022) argue that the transatlantic relationship remains intrinsically solid and that various subnational, transnational, and non-state actors are key to understanding this stability. Cross underlines that although the US at the political level has changed its attention and preferences towards China and there is a US tendency to take the transatlantic relationship for granted, long developed and strong strategic, economic, and political ties still bind the two. What is more, by studying space exploration as a case of evolving, socially constructed transatlantic relations, Cross shows how informal interaction and communication between non-state actors at the sub- and transnational levels have contributed to uphold a strong relationship across the Atlantic. These actors are also key to understanding that these areas have remained peaceful. Even if governments increasingly treat space as an area of interstate competition and a potential battlefield, they have managed to persuade governments to treat space as a peaceful domain, in line

with their own shared long-standing norms. Cross' article aligns with the fourth factor developed in the introduction to this thematic issue, by showing how socially constructed norms and shared perceptions uphold relations at the subnational transnational level, affect state preferences, and hence influence interstate relations in spite of changing structural conditions (Riddervold & Newsome, 2022).

In her study of EU–US security relations in Africa, Rieker (2022) also finds evidence to suggest that the transatlantic relationship remains stable, although the picture is more mixed than in the case of space. On the one hand, in line with Smith (2022) and Knutsen's (2022) argument, Rieker finds that structural changes have led to more divergent security interests across the Atlantic, with the US mainly concerned with China, and Europe focusing on its near abroad, i.e., on Russia and Africa. At the outset, there is moreover little direct EU–US security cooperation in Africa: NATO is absent, and while the EU is heavily engaged in various missions and other policies and actions, there is not much direct bilateral cooperation between the EU and the US on the African continent. To capture transatlantic relations in Africa, Rieker therefore applies an alternative approach to EU defense integration, defining this a broader form of differentiated or flexible security integration where different actors take on different roles, with different ties to the formal EU structures. By applying this perspective, Rieker shows that transatlantic relations in the region are actually quite strong owing to strong French security engagement and cooperation with the US in the Sahel. The French presence in Africa is supported by and coordinated with other EU member states and is thus more correctly interpreted as a European military engagement under French leadership than as a French national endeavor. The continuous US engagement and willingness to support France and Europe in Africa, despite a shift of strategic focus towards China, moreover suggests that this cooperation is upheld not so much by common interests as by a common set of values or common set of practices. As discussed by several other articles in the thematic issue, a big question, she concludes, is whether this support will continue under a different US administration.

3. Findings: Transatlantic Trade and Financial Relations

Three articles in the thematic issue, by Bart Kerremans, Mark Schwartz, and Ingrid Hjertaker and Bent Sofus Tranøy (Hjertaker & Tranøy, 2022; Kerremans, 2022; Schwartz, 2022), conduct systematic comparisons of transatlantic relations in multilateral institutions governing the economy with the following findings. Both Kerremans and Schwartz uncover evidence for weakening transatlantic relations and posit hierarchy in the transatlantic relationship as a key explanatory factor. For Kerremans, the US decision to cripple the Dispute Settlement System (DSS) of the World Trade Organization (WTO) resulted from its distinctive views

on how the body should function and its outsized ability to hamper future functioning by stopping the process of naming DSS board members. For Schwartz's analysis of transatlantic relations in structural emergent industry dynamics, the US ability to continually shape the direction of emergent industry growth in the second half of the twentieth century and well into the twenty-first century, without real contestation from Europe, generates a negative feedback loop between the partners. In contrast, Hjertaker and Tranøy's discussion of the US bailout of European banks in 2008 finds evidence of strengthening transatlantic relations in which the US position at the top of the hierarchy results in greater cooperation between European and US banks. Another factor present across cases of economic multilateral institutions concerns the different interests held by each of the partners. However, in the context of hierarchy within the transatlantic relationship, we cannot conclude that differences in interests play a defining role. The EU and the US diverge in their views of the purpose and usefulness of the WTO DSS (Kerremans, 2022). In industrial development, the EU would like to displace the US as shaper of the next sectoral value shift but has not been able to do so (Schwartz, 2022). Lastly, European nations introduced the euro in an effort to become more independent of the dollar, yet while they succeeded in evading currency valuations, they became unexpectedly more dependent on bailouts by the US central bank during times of economic crisis.

Hjertaker and Tranøy (2022) argue that the 2008 financial crisis resulted in a strengthening of transatlantic relations in the financial sector since the US Federal Reserve Bank bailed out European banks with US branches and refused to restrict dollar–euro exchanges in a deal with the European Central Bank. Technocrats played an important role here in making the US bailout of European banks possible. US financial regulators viewed the stabilization of the European banking system as critical for the stabilization of the US banking system and the world economy. The US Federal Reserve Bank unilaterally decided to extend funds to European banks and continued to provide currency swaps at a later date in response to the pandemic-related economic downturn, serving as the “global lender of last resort.” Hjertaker and Tranøy argue that the strengthening of transatlantic cooperation signified by the new precedent of the 2008 bailout would not have been possible if this policy had been subject to domestic US political debates among elected officials in public, citizen forums. The role of unelected experts in pushing increased transatlantic cooperation is an important factor in liberal international theoretical perspectives on the direction of the EU. Hjertaker and Tranøy also find evidence for the role of US leadership and national self-interest as explanatory factors motivating deeper cooperation between the US and Europe in finance. This article also demonstrates that the US dominates otherwise multilateral financial regulatory bodies such as the Basel Committee, as the US dollar continues to be the global reserve currency.

For Schwartz (2022), structural dynamics are weakening transatlantic relations in global trade and economic development. This weakening is rooted in the “asymmetrical and...hierarchical” nature of ties between the two partners in this sphere. Choices made by the EU and the US in industrial policy since the end of WWII periodically have reinforced US dominance in the transitions between different “waves” of industrial innovation. In his attention to structural dynamics, Schwartz develops and applies arguments tailored to trade, which Smith’s (2022) article in this issue also makes about the primacy of structure over agency for the transatlantic relationship overall. Schwartz shows the persistent dominance of the US as the leading partner in trade through two measures of economic power, namely the percent of global profit accrued, and then, a measure by sector of country and regional investment in industrial innovation. Schwartz clarifies the implications of hierarchy for current and emerging waves of industrial innovation that contribute to continued weakening of transatlantic relations in trade, in that the EU and the US face very different prospects. On the one hand, the US is losing ground as a global trade leader to China and seeks to maintain its position by shaping emerging industrial innovation in artificial intelligence, genomics, and renewable energy. On the other hand, Schwartz argues, the EU faces the prospect of continued declining secondary status in a US-led global economy or displacement and lack of status in a Chinese-led global economy. This is not to say that subnational actors, specifically European firms have not benefited from US dominance, but Schwartz underscores that European firms and states have been unable to shape emerging industries since the end of WWII.

Kerremans’ (2022) article examines why the US paralyzed the ability of the WTO DSS to function. Kerremans’ study finds a weakening of transatlantic relations in the WTO in that this US-dominated multilateral institution no longer serves US political interests in securing compliance with rulings related to trade barriers imposed by the EU. Kerremans points out that whereas the EU has an interest in and values multilateral forums, it also relies on litigation and procedural loopholes to delay and avoid implementation of rulings. In response to these EU tactics of resistance around rulings granting legitimacy to US claims made against the EU, the US withdrew its support from the DSS. However, cases in which other WTO member states have won favorable rulings, including the EU, in claims against the US, also have posed a different set of challenges for the US because these have been difficult to justify in its domestic political arenas. Furthermore, Kerremans shows how distinctively the EU and US valued the WTO as an institution. On the one hand, the EU viewed the WTO broadly as a positive anchoring force for global trade. The US, on the other hand, had a more conditional view of the positive effects of the WTO in that it was skeptical of being subject to its rulings and welcoming if the WTO could compel other signatories

to comply with its rulings. Similarly, there are two different views of “sovereign risk vulnerability” towards international courts. In Europe, the judicial field has developed in expectation of the subordination of national law to certain international legal jurisdictions as a byproduct of the process of European judicial and legal integration. This is in contrast to the view of US legal and judicial experts who are reluctant to allow international legal bodies primacy over US national law. In addition to differences in values, norms, and interests between the EU and the US regarding the WTO, Kerremans also discusses the role of domestic politics for the weakening of transatlantic ties in trade. US political elites faced the growing politicization of the WTO by the electorate as a harmful symbol of globalization and eroding national sovereignty. EU citizens mobilizing against globalization have not yet targeted the WTO and the EU’s role in it through political organization.

4. Broader Trends

Two articles conduct comparative studies and discuss longer-term trends across various factors. Kolja Raube and Raquel Vega Rubio explore EU–US coherence vis-a-vis China across cases (Raube & Vega Rubio, 2022). The thematic issue also contains a commentary article by Mike Smith discussing how the complex and evolving transatlantic relationship is affected by various structural and intermediate factors (Smith, 2022).

Raube and Vega Rubio (2022) explore how broader structural changes have affected the transatlantic relationship, and focus on how these changes influence the way in which actors across the Atlantic support the idea of a coherent transatlantic relationship. Echoing other contributions to the thematic issue they start from the assumption that the rise of China as an emerging power and the parallel increasing contestation of the norms and values underpinning the liberal international order may challenge the coherence of the contemporary relationship. Two cases from 2021 are studied to explore whether the relationship is weakening under Biden after increased US retreat and contestation under Trump: (a) the concerted sanctions imposed on Chinese officials in response to human rights violations; and (b) the AUKUS submarine deal between the US, Australia, and the UK. The authors find that both strategic interests, values, and identities influence the strength of the transatlantic relationship but that diverging strategic interests due to the US’ pivot to Asia increasingly seem to challenge transatlantic coherence. When the two partners’ shared identity as liberal actors comes to the forefront of international politics, they are able to act coherently vis-a-vis China. Hence, there is more transatlantic coherence under the Biden than the Trump administration in cases where the two together defend the liberal order values and norms. Developments in the security realm show a different picture. Similar to Knutsen (2022) and in contrast to Olsen (2022) and Rieker (2022), they find

that when strong US geopolitical interests are involved, transatlantic coherence is less of a concern to the US. The exception being cases where a coherent approach is seen to clearly advance the US' interests. When confronted with Chinese security threats in the Indo-Pacific, the US does not conceive the EU to be a credible ally and hence did not see the need to consult or involve its EU partners when signing the AUKUS deal. AUKUS, in other words, suggests that US security interests will continue to trump the importance of a coherent and strong transatlantic relationship also under Biden, in line with Knutsen (2022) and Smith's (2022) argument that we might see a longer-term weakening also in the foreign and security domain. While one can see greater coherence regarding the defense of the liberal order values when compared to the previous US administration, the security realm continues to be a source of incoherence between transatlantic powers.

Lastly, Mike Smith argues that transatlantic relations, in spite of recent cooperation in response to Russian aggression, are weakening, and that this is linked mainly to broader structural global changes (Smith, 2022). While previously proven resilient to turbulence and even crises, the growth of China and a weakening of the liberal world order institutions and ideas today create challenges for transatlantic relations in all key areas of the relationship. As result of these broader, long-term shifts, the transatlantic relationship plays a less central role in the global system and for EU and US policy makers than previously. In terms of the other factors discussed in the introduction to this thematic issue, Smith argues that they cannot be seen independently from these broader structural changes. The two partners' strategic and economic preferences are largely driven by broader global economic and geopolitical forces and by international and domestic structures. Domestic factors such as new political cleavages also provide structural constraints on the two sides' political choices and behaviour, in particular by posing challenges to the legitimacy of transatlantic order and globalization more broadly. In fact, unlike Cross (2022) and Olsen (2022) and similar to Schwartz, Smith argues that agency plays less of a role in affecting the relationship. Since this weakening is driven mainly by structural changes, the relationship cannot simply be restored by introducing new institutions or initiatives, or by strong cooperation in response to particular crises. Instead, future transatlantic relations largely depend on how the global system develops, the EU's ability to coordinate internally vis-a-vis both the US and China, and the development of domestic politics in particular in the US. While the executive foreign policy establishment and non-state actors still continue to keep the relationship stable, as discussed by Olsen (2022) and Cross (2022), state-society relations, may over time contribute both to a stronger and a weaker relationship, depending on which way the pendulum turns. In line with the fifth factor discussed in the introduction and as also discussed by Smith, domestic support is crucial for understanding the

development of US and EU foreign policies, and of the transatlantic relationship.

5. Conclusion

Authors in this thematic issue have considered if cooperation between the US and Europe is weakening and, if it is weakening, why. Seen together, the articles have systematically documented that there is a growing pressure on transatlantic relations both in multilateral institutional settings as well in foreign and security policy. Our analysis has revealed several important findings. The first is that transatlantic relations in economic multilateral settings are weakening (Kerremans, 2022; Schwartz, 2022) with the exception of transatlantic financial and banking ties (Hjertaker & Tranøy, 2022). A key driver for this is the role of hierarchy in the transatlantic relationship in which the US continues to operate as global, if increasingly contested, hegemon. The analysis of the foreign and security domain reveals a more nuanced picture. On the one hand, transatlantic relations within NATO are strengthening within the context of Russia's new war in the Ukraine, pushing Europe closer to the US and papering over disputes among European nations about the course of intra-European security cooperation (Knutsen, 2022; Olsen, 2022). Shared norms, institutions, and non-state actors with an interest in keeping the relationship strong for economic, strategic, or more normative reasons, also serve to stabilize the relationship (Cross, 2022; Olsen, 2022; Raube & Vega Rubio, 2022; Rieker, 2022). On the other hand, longer-term geopolitical and economical structural changes (Rieker, 2022; Schwartz, 2022; Smith, 2022) and domestic factors (Kerremans, 2022; Knutsen, 2022; Raube & Vega Rubio, 2022; Smith, 2022), and in some cases diverging interests (Raube & Vega Rubio, 2022; Rieker, 2022) suggest a parallel longer-term weakening of the relationship. In this sense, our findings further support the conclusions we drew in 2018, where we suggested that "the transatlantic relationship is under more pressure today than in any other period since its establishment" and that "it is likely that the cracks in the foundation of transatlantic relations will continue into the present and foreseeable future" (Riddervold & Newsome, 2018, p. 518). Four years later, with a new and much more internationally oriented US president, we find that the transatlantic relationship is still less strong than it was under the Cold War and the two decades that followed. With this study, we can however move beyond these findings to also say something theoretically informed about the factors that explain this trend.

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Conflict of Interests

The authors declare no conflict of interests.

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