

**„The Intertwining of Security and Economics
in Transatlantic Politics“**

Transatlantic Strategy Group on Security
Chairmen: Walther Stuetzle and John Hamre
Discussion Outline and Follow-up topics

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The Future of Transatlantic Security and The Fight against Terrorism

Comments by John Hamre, Alyson J.K. Bailes and Jim Hoagland

1. America has lived through five distinct epochs of its security history, and is now after ten years of a sort of interregnum - together with the rest of the world - entering the sixth. The central features of this new epoch will be:
 - the existence of a stable core axis of power between the United States and Europe;
 - turmoil in the regions lying around this core axis, mainly Asia/China, the Muslim Arab World and Russia (Russian political and economic weakness);
 - the rise of transnational and therefore non-negotiable terrorism;
 - the leftovers of the cold war era (WMD);
 - the erosion of the borderline between domestic and international security.

2. Conclusions :
 - in order to sustain the core axis, communication between Europe and the United States must be significantly improved. The current weakness of the transatlantic relationship is more a result of misunderstanding than of disagreement;
 - engagement in the turmoil areas must combine security, financial and economic aspects in order to promote democracy and deal with the Palestine/Israel and the India/Pakistan conflicts;
 - a stronger concept for international cooperation in the fight against terrorism. Europe will have to develop its own anti-terrorism security concept instead of merely copying the American model;
 - the approach to the proliferation and armaments control regimes must be enhanced in a manner which transcends academic debates;
 - establishment of a new NATO committee for multi-domestic security issues. It should have a formalized structure in order to improve transatlantic cooperation;

3. Some participants came to the conclusion that in the aftermath of the September 11 terrorist attacks the transatlantic relationship has begun to fade. The main reason for this seems to be the so-called 'Capability Gap' between the United States and Europe, and Europe's inability to understand the threat posed by this new form of transnational terrorism. This argument seems to contradict the conclusion of a stable U.S.-European core axis. It also became apparent in the discussion, that due to negative experiences in the past (e.g. Kosovo), the Pentagon prefers to deal with current threats and crisis scenarios on its own and does not prefer bilateral or alliance cooperation.

4. The participants agreed on the necessity for more European action in the field of international and domestic security issues. It was argued that the European states do not feel threatened by terror in the same way the U.S. does. The transnational character of terrorism is a new experience, because Europe has only had to deal with organized national terrorism, e.g. the IRA or ETA. In order to adopt a more active role in the fight against terrorism, Europe needs to enhance the ESDP and its capabilities. This would make Europe a more reliable and more influential partner in transatlantic security issues and would sustain a stable U.S.-European core axis.
5. Enlarging the European defense industry is closely connected to an enhancement of ESDP. European capabilities can only materialize if there is a European Army based on a strong European defense industry.
6. Europe is deeply immersed in the integration and enlargement process, and this makes it vulnerable to transnational terrorism. With regard to this threat, both Europe and the transatlantic security relationship require new institutions and structures for the multi-domestic issues concerned. It was discussed that the rise of populism in Europe (e.g. France, the Netherlands) may portend a re-nationalization of security policy. This could have a profound effect on the future of transatlantic relations.
7. A key factor which will shape future transatlantic security is Russia's relationship with Europe and the United States. It was suggested, that there is no danger of a new 'Eurasian partnership', which would exclude the United States and weaken the transatlantic partnership. The idea construing Russia as a 'Euro-Pacific' country contains interesting premises for a future global partnership in which Russia could help to strengthen transatlantic security.
8. The participants of the working group on security agreed that the handling of the Iraq issue will have a profound effect on the future of the transatlantic relationship. If the United States were to adopt a unilateral approach, this would constitute a grave risk for the future development of the alliance. A key factor will be Russian support or opposition. If Russia supported military action against Iraq, the Europeans would have to do the same, for otherwise Europe would disappear from the transatlantic security agenda. If Russia were to oppose military action against Iraq, the United States would have to increase its willingness to reach a compromise in order to avoid isolation.

Follow-Up Topics:

1. A new approach to armaments and proliferation control in order to reduce the threat of WMD. More effective mechanisms designed to support observation structures.

2. New transatlantic institutions to deal with multi-domestic issues of transnational terrorism: policing, justice and home affairs.
3. There needs to be a new European awareness of the global threat of transnational terrorism. In the minds of Europeans Saddam Hussein is just as dangerous as he was before September 11. Americans have different priorities (training, financing, concealment of terrorist groups).
4. The threat of 'dangerous neighbors' is often the threat posed by 'failed states'. For this reason future transatlantic security will have to encompass both economic and financial aspects in order to make democratization efforts clear-cut and ultimately successful.
5. A better combination of soft instruments preferred by the Europeans (diplomatic, institutional solutions), and hard instruments (military solutions). This will lead to multilateral debates and solutions, and strengthen existing political organizations such as NATO.
6. It should be possible to identify the key states for a new geostrategic discussion by comparing various charts of international organizations and their member states.
7. The 'Euro-Pacific' character of Russia in international security should be analyzed; this approach promises new strategic solutions for crisis management and engagement.
8. Is there a political discussion in the United States concerning the question: 'With regard to the war on terror, what do we need the Europeans for?'
9. Can cooperation between Russia and Europe help to 'close the gap' with the United States? What could such defense industry cooperation look like?
10. The subject is not 'defense spending' as such, it is far more a question of how much we intend to spend on the future of security? Are we prepared for 21st-century warfare?

Session III

The Future Role of NATO

Comments by Catherine McArdle Kelleher and Charles Grant

1. The participants regarded NATO as a kind of club organized on the basis of different and at times complicated structures and fragile processes. NATO embodies agreement based on the 'lowest common denominator', and, despite its structure, seeks to achieve compromise solutions and answers acceptable to all its members.
2. NATO's weakness was revealed during the Balkan/Kosovo crisis. When the system of compromise and agreement fails, the whole NATO structure is in a vulnerable situation. Too many institutions are involved (e.g. NATO has 400-1000 military committees), and it is still operating on a 'one country one vote' decision-making process. This does not reflect the real level of engagement of member states. In future this decision-making process must be simplified and speeded up.

The burden borne by member states must be taken into account, and civilian structures, which are currently inadequate, will have to be strengthened.

3. Despite these weaknesses, NATO has proved to be a living organism capable of implementing revolutionary structural changes. The NATO enlargement process has led the alliance into the area of democratization. This democratization phase was invigorating not only for the candidates, but also for the current member states. The need for more transparency in the military planning of the member states has led to greater confidence building.
4. The current division of labor within NATO cannot strengthen the transatlantic security relationship. Thus the United States does the fighting, and Europe takes on the post war 'cleaning up' operations, which consist primarily of policing by military units. If Europe wishes to strengthen its influence on future alliance decisions, it will have to adopt a more active policy based on strong and realistic capabilities. Otherwise NATO may simply become a kind of 'tool-box' for both sides, instead of a reliable security alliance.
5. The participants were aware that NATO will face a number of serious challenges in future:
 - Iraq: the risk of unilateral military action by the United States; this could lead to a break-up of NATO.
 - Without a more capable and active Europe, NATO could become the 'tool-box' alliance from which the Pentagon could request non-negotiable support (no political organization, simply instrument of unilateral American foreign policy).
 - The 'Big Bang' of NATO enlargement (7-8 candidates) without structural reform; NATO could no longer be taken seriously.
6. The participants displayed a great interest in the approach of the development of a 'European strike force', based on ESDP. This would have several advantages:
 - Europe would be forced to build up its capabilities;
 - The United States could use European forces in NATO operations (sharing of labour and burden-sharing);
 - Greater European influence in the alliance;
 - Sharing research and development in regard to defense contracts; establishing a transatlantic armaments market.
7. Future NATO reforms should include:
 - greater powers for the Secretary General;
 - stronger civilian structure;
 - invoking Article 5 turned out to be ineffective in the fight against transnational terrorism;
 - 'One country one vote' principle must be changed in regard to burden-sharing and the level of engagement;
 - European strike force; clearly structured and with full capabilities, can be made available to NATO and the U.S.

8. The participants agreed on the necessity of integrating Russia into a new security system within or around NATO. This could be the best way of establishing a USA-Western Europe-Eastern Europe-Russia-Pacific security axis. It was agreed, that NATO enlargement and the participation of Russia would stabilize the insecure region on the current periphery of NATO and strengthen NATO and EU democratization efforts in Eastern Europe.

Follow-Up Topics:

1. Russian participation in NATO. How and when?
2. Development of European capabilities which can be made available to NATO and the U.S. in the fight against international terrorism.
3. Structural reforms.

Session IV

The New Strategic Partnership with Russia

Comments by Dimitri Trenin and Strobe Talbott

1. The brief introduction singled out three major issues concerning the new strategic partnership with Russia:
 - What can Russia bring to the geostrategic table?
 - How can the West increase Russian output?
 - How could this new northern (as opposed to transatlantic) alliance affect other regions?
2. The participants agreed on the importance of Russia being included in future geostrategic planning. For Europe it could signify:
 - acquiring a useful partner for conflict management and peacekeeping operations in unstable regions such as the Balkans, Moldova and the Caucasus;
 - solutions for conflict on the European periphery;
 - a partnership for a 'closing-the-gap process' in the defense industry sector.For the United States it could signify:
 - acquiring a potential partner for new strategic goals such as proliferation and armaments control (WMD);
 - acquiring a partner for long-term and long-distance assignments;
 - engagement in East Asia and China.
3. Proposals for cooperative transformation efforts in Russia included:
 - cooperation in the police and home affairs sector;
 - establishing of a new 'European Army' with the participation of Russia;
 - linking Russian and European defense industries;

- domestic security cooperation in the fight against organized crime and transnational terrorism;
 - supporting the reform of Russian military capabilities, including task-building and coordination/cooperation of intelligence and command issues (compatibility);
 - energy partnership;
 - solving the potential turmoil in the Georgia region.
4. A major issue discussed by the participants was whether or not President Putin represents Russia. What will happen/change if Putin resigns from the Russian presidency. How would this affect Russia's attitude towards American troops stationed in the South of Russia? Is Russia's WTO membership no more than Putin's policy of becoming a member of the club, or will it positively affect the Russian economy?
 5. For the United States Russia is a major factor in the China and Iraq issues. Cooperation or disagreement with Russia will affect the European point of view. Disagreeing with the U.S. and Russia could isolate the Europeans. Conversely, opposition by Russia and Europe could easily isolate the United States.
 6. The participants came to the conclusion that Russia is not opposed to NATO enlargement, since it sees future threats coming from Asia. President Putin seems to have come to the conclusion that he can gain strategic benefits by dropping his opposition to issues such as NATO enlargement, the abolition of the ABM treaty and the new American Strategic Concept (stockpiling nuclear warheads instead of destroying them).
 7. The participants agreed that the economic development and future internal evolution of Russia will have a great effect on the future partnership.

Follow-up Topics:

1. How will the geopolitical position of Russia change the geostrategic landscape?
2. Elites willing to be integrated into the West vs. elites who oppose integration.
3. What will be the consequences of the speed with which Russia is being transformed?

Perspectives and Conclusions

Conclusions by Werner Weidenfeld

How should the follow-up meeting be organized?

1. The Transatlantic Strategy Groups should structure new thoughts and ideas in an intellectually sound manner, and commission specific papers on issues that might become important in future.
2. Furthermore, the chairmen will be asked to help by agreeing to flexible chairmanships.
3. A think-tank group might be a good future goal. It is also extremely important to establish intensive channels of communication.

Conclusions by Walther Stuetzle:

1. We must keep up the momentum on the information side. This implies that we must reflect on the ideas that were expressed here, and focus on the 'what-if issues'.
2. We must also commission papers on what would happen if NATO fell apart, or what the implications would be if the EU did not live up to its objectives.
3. *Perception* is a very important issue. One example that the group discovered was that many participants are lagging behind with regard to their understanding of current developments in Russia.
4. The *capabilities* of the U.S. and the EU also proved to be an important focal point. Would it be better for the U.S. and the alliance if the EU were to copy the U.S., or would the EU turn out to be a more credible partner if it were merely to focus on its own interests?
5. We need to produce two papers, make them available on the internet, and base a new agenda on them.
6. It is important not to lose sight of the object of this exercise.
7. We must also keep in mind that there will be several events this fall that will substantially shape our thinking.

Conclusions by Caio Koch-Weser:

1. The group on Economics, Finance and Trade expressed a keen interest in the link between security and economic concerns.
2. It also wishes to arrange joint meetings with the security group next time in order to link the two disciplines.
3. International Finance and Trade: The group displayed an interest in the creation of a G2 - but asks for a clearer definition of what a G2 would focus on.
4. Furthermore, the group is prepared to work on recommendations relating to the reform of financial institutions such as the IMF.
5. The group believes it would be of importance to work in the field of corporate governance, and also in the field of migration.