

THE CATO INSTITUTE

POLICY FORUM

CREATING A EUROPEAN SECURITY AND DEFENSE IDENTITY:

FACT OR FANTASY?

Tuesday, August 29, 2000

Featuring

John Bolton, Senior Vice President,

American Enterprise Institute;

John Hulsman, Senior Analyst, Heritage Foundation; and

Christopher Layne, Visiting Fellow, Cato Institute

The Cato Institute

1000 Massachusetts Avenue, NW

Washington, D.C.

ARTI Transcripts

(202) 347-0030 and www.artitranscripts.com

P R O C E E D I N G S

MR. CARPENTER: Good afternoon and welcome to our Policy Forum on the European Security and Defense Identity: Fact or Fantasy?

I am Ted Galen Carpenter, Vice President for Defense and Foreign Policy Studies at the Cato Institute. The creation of the European Security and Defense Identity, now officially the European Security and Defense Policy, is the most recent example of an effort to establish a strong European pillar within NATO.

I think it is fair to say that we have been down this road before. And one of the sets of questions that will be examined this afternoon is whether this time the Europeans are serious.

After all, we recall the proposed European Defense Community back in the early 1950's. We recall the pledges made at the Lisbon Conference, in December of 1952, in which the European members of NATO pledged to build a very robust conventional military force, far greater than anything that ultimately emerged. We recall the pledges in the late 1970's on the part of all NATO members to increase military spending by an inflation-adjusted 3 percent in real terms, a pledge that I

believe was kept by one member of NATO, the United States of America.

So, the question is this time: Is it different? Are there factors that weren't around during the Cold War period that might cause the Europeans to truly create an effective and capable military force, at least a force capable of handling the Bosnia- and Kosovo-style contingencies in the future?

But that is only one set of questions. The other set is, if the Europeans in fact are serious this time around, and the ESDP turns into something more than just yet another acronym in the long history of European security since World War II, would the United States in fact like this development, or is Washington in fact perfectly content with a NATO-centric policy and would see a strong European security entity, in whatever form it takes, as a mortal threat to America's dominant position within the transatlantic relationship?

Then finally, a related question, if the Europeans are serious and ESDP does turn into an effective mechanism for security in a post-Cold War Europe, would that benefit or undermine America's best interests?

We have a panel of very knowledgeable people to address those and other questions this afternoon. Our first speaker is John Hulsman, who is a Senior Policy Analyst in European affairs at the Catherine and Shelby Collum Davis

Institute for International Studies at the Heritage Foundation. Prior to joining Heritage, he was a Fellow in European Studies at the Center for Strategic and International Studies. And he started his career teaching World Politics and U.S. Foreign Policy at the University of St. Andrews in Scotland.

Dr. Hulsman is the author of "A Paradigm for the New World Order," published in 1997. His next book will have the title of "A Grand Bargain with Europe: Preserving NATO for the 21st Century."

Please join me in welcoming John Hulsman.

JOHN HULSMAN, SENIOR ANALYST

HERITAGE FOUNDATION

DR. HULSMAN: Thank you, Ted. It is a great pleasure to be here. It's a pleasure to see so many of you. As we were saying backstage, this is kind of the canyon week before things get down to business with Congress. Perhaps that is part of why you are here, but I hope that there are some other reasons as well. Because this is a very important issue and this is something that isn't going to go away. I would like to begin by discussing that we should all have some humility about this very issue.

I spent four weeks in Europe talking to various dignitaries about really what this thing meant. I had over 43 meetings in those kind of halcyon days, and I probably had 43 separate answers.

I would like to begin, though, by saying as an anecdote, I asked one very direct question, which is always interesting when talking to people whose form of kind of consensus building is based on functionalism, which is never directly answering a question. I asked a member of the British cabinet very seriously, I said, "Does NATO retain the first right of refusal? In other words, is NATO still the supreme decisionmaking institution for the Alliance?"

This member of the cabinet said, "Absolutely. Don't worry about it. We know what we are doing. We'll keep an eye on the French. There is nothing you need to worry about."

I then went to the French and asked the very same question and was told, "Absolutely not. We have an equal role. This is an emerging thing. We don't know what it is going to come to. But I am not willing to say that NATO has the first right of refusal."

I then went to the German Foreign Office and asked a similar question. They said, "We don't know. Please don't bother us. We will work it out. Trust us."

So, in the course of three weeks, I got "Yes," "No," and "Maybe."

So, I think the place to start is if we say anything definite about ESDP, we will be lying. The whole point about this is that it is nebulous. And I think that in that nebulosity lies a danger. The danger is basically, if this thing means all things to all people, that may very well help politically. But does that help in terms of policy? Because at some point or another, policy does matter in all of this. And I think I am going to come back to that at the end.

Basically, I think there are two Trojan horses that are thrown in front of ESDP. I think they are both false as to why this ought not to be implemented. The first one is easier, I think, to debunk.

The first one says that Europeans fear American efforts to cajole them on burden-sharing and they fear that this masks a call to bring the boys home. I heard this on many, many occasions, that "You just us to do more so that you can get out of there." The easy way to say this is that even if some Americans wish that, there is absolutely no movement on the Hill of any kind to do this -- none. There is no movement in either major presidential campaign to do this.

So, even though there may be voices out there, and indeed some voices in this room, who wish to do that, I don't

think that this is even a medium-term prospect. I think that one is fairly easy to dismiss.

I think the second point requires a little bit more discussion and where we may disagree here on the panel, which will allow for actually an interesting panel. Americans, on the other hand, fear that the E.U. have used ESDP as a tool to liberate Europeans from American domination, as some of the French put it to me.

I don't think we should worry about this. And I know that others here do. I will give you three reasons why this doesn't concern me. And this isn't because I think that some in Europe don't want to do this very thing. But in order for the Europeans to decouple the Alliance, I think three things are going to have to happen, and I don't believe that they will.

First of all, the French have to be the mode of force behind this. Occasionally, one reads every month or so a story that is translated from Figaro where they talk about hyperpresence, the Americans being the great hyperpower that is going to somehow destabilize the world and that Europe should balance the United States.

Then you talk to other people in the French government who don't feel this way. There is a marked division of opinion in France about what to do regarding NATO. Whereas the Foreign Ministry tends to be very skeptical, relatively anti-American,

desiring to see this; on the other hand, when you talk to the Ministry of Defense people, they tend to say: Look, we know NATO is the only game in town. Like it or not, this is a reality. And what we need to do is come to some sort of agreement with the United States because we believe in, of course, realpolitik. We know you guys are there. We are going to have to deal with you.

So, the first real thing that has to happen, that I think won't, is that there must have a decoupling; that basically the French must be united around a policy to decouple. And I don't think they are.

Secondly, they must somehow brainwash the British and the Germans. The entire thrust of British and German policy regarding ESDP is to keep the Americans in NATO in the wake of Kosovo, which was a real embarrassment.

I think that if you look at the statements that came out of the Blair government and out of the Schroeder government, you can see that they are aware that the danger is that with the Europeans doing so little, the United States will see that there is no sort of bargain across the Atlantic and that maybe they will be less inclined to come to the Europeans aid.

So, ESDP, rather than being a way to decouple the Alliance, in turn, is actually a way to stabilize the Alliance by showing European goodwill. And that is said over and over

again by members of the Blair government, particularly, that we know America did too much in terms of capability. And we all know the statistics, so I won't bore you with them. But I think at a political level they would somehow have to change the entire thrust of German and British foreign policy, which I don't think they are going to do.

Lastly, they would have to do a thing that I am guaranteeing you they won't do. They would have to spend a lot more money to make this work. If there is one thing I can count on it is that the Europeans will not spend enough money to make this a viable, going concern.

If you look at the history of the relationship, burden-sharing has been the snake in the garden in NATO since its very inception. It has never been remotely equal.

During the Cold War, this was a price that America was really quite prepared to pay. I think, if Europeans had spent not a dime on their own defense, the United States would still, quite rightly geopolitically, have maintained NATO and been involved on the continent.

I think, however, there is a danger coming out of this. And I will get back to that. The times have changed, but European defense habits have not. This is a problem.

Before I get to that, though, I know that John Bolton is coming after me. I want to say we agree on many, many

issues; we don't agree on this one. But he said something that I think really is the crux of the matter. If ESDP were in fact purely and simply efforts to increase Europe's contribution to NATO, America would be foolish not to agree. I think the point is, looking at the motivations and the diplomacy, what goes beneath?

From my analysis on all three of those points, I don't think that we need fear in the medium term any effort to decouple the alliance. At best, it is going to be like, as Ted mentioned, the European Defense Community in the 1950's. This can be seen as a good or bad thing. It was a good thing in that President Eisenhower, as Steven Ambrose in his excellent book mentions, saw this as a way to take the huge disparities within NATO and begin to balance them. They would not be equal, but they would become more equal. In exchange for that, he was willing to discuss a European pillar.

Once the French realized what Eisenhower was up to, they killed the European Defense Community, which they themselves proposed. Why did they kill it? Because they realized it was not going to decouple the Alliance. Rather, it was going to address issues of burden-sharing. I think that this could very well be another EDC, but in a different time when it might have a chance at success.

Instead, for instance, nowadays if you look at the capability in Kosovo you would say it was about 80/20 during the war; if it got down to something resembling 65/35, some sort of agreement whereby the United States would talk about power-sharing issues in exchange for a change in burden-sharing, as I have advocated many times, this might be a reasonable thing; 65/35 would be, frankly, very ambitious, if they got it down to that. And that would be quite fine, I think, with many in the United States.

If I don't think that the Europeans are going to decouple, I also don't think that ESDP will amount to as much as they say. And this is the great danger. The greatest danger for the survival of NATO is that ESDP will amount to nothing; that this will be yet another example of the Europeans proclaiming a desire to be equal and doing nothing. That is far more of a danger than the United States worrying about issues of decoupling, where they do too much. In reality, the danger is they do too little.

With the change in geopolitics, as I said, no overarching threat next door, not having a change in defense habits is not a going option on the Hill. One of the things we do at Heritage, of course, is consult people on the Hill very closely. I can't tell you the number of times people have

screamed at me about European defense spending, quietly still, but increasingly coherently.

One of the comments made to me, linking together economics in Europe, of course now, First World status, not recovering from the war, people saying: Why should Germans get to retire at 55 with 85 percent of their pay when we are subsidizing their defense? It is very hard to argue back. This is a potent political issue that people are beginning to realize. More must be done.

It isn't just a matter, as ESDP would have us believe, of capability. Are the economies of scale solving all our problems? How painless, how Clintonesque, how now and how utterly wrong. They must spend more as well as spending more wisely. I repeat, they must spend more as well as spending more wisely. And I hope to be the ghost at the party saying that.

It isn't just a matter of rationalization, "We'll take care of all your problems." And, of course, nobody wants to spend more. In fact, not only will the Europeans, at the moment, not spend more, they are planning to spend less.

I said to one of them, I didn't know that was possible, but they assured me that it was. This is indeed the danger and the cancer that really lurks at the heart of NATO and something that must be addressed. Because in this new era, without this overarching threat, there must be a more equitable

burden-sharing. In return, the United States must talk about power-sharing and not be afraid of that.

Again, I think one of the problems that I see in ESDP is the way the Europeans do business. Functionalism, it's a great theory. Everybody leaves everything as vague as we can. We bring everybody along. Then we present people at the end with a fait accompli. We say, "Oh, you misunderstood what we meant by this. It's too late now. It has already happened. You have already agreed."

It's very hard to get out of that. And it is a very, very effective way to do things. But it is not a good way to deal with defense issues. Because if you have the French saying what I think that they are saying, some of them for decoupling, some not; the British totally not for decoupling; the Germans totally not, at some point somebody is going to be very disappointed in this process.

That leads me to believe that very little will be done. And I think that is a problem. I asked one of the American ambassadors over in Europe what he thought of ESDP. He was very skeptical. He said that this is merely a secret handshake that the Europeans know and the Americans don't know, that psychologically will help them in the aftermath of Kosovo to feel that they have something indeed and are moving forward in a way that the United States is not.

I found this absolutely shocking, because in every meeting this is the one issue the Europeans overtly began every discussion with, "What do you think of ESDP?"

So, I think the fear is that this isn't clear, that there are conflicting motivations, that in the end the Europeans do far too little. And I think there is a counter-intuitive point that needs to be made here: If Europe does very little, the odds are greater that the United States will do even less over time. And if Europe does more for its own defense, conversely, the United States will do more. So, I think that is a critical point to say to our friends and allies.

I don't think anyone on this panel is for a Pax Americana. We can certainly talk about that. Maybe there are some neoconservative friends in the crowd. But if you are a realist, why does this matter? Because if you believe in a more equal world -- are you a Huntingtonian -- do you say it is uni-multipolar? Or is it multipolar at some point like St. Augustine, "How many angels can we put on the head of a pin?" But it does matter. If you are in a world where it is not about empire, you must have allies in this world. This is why NATO still matters.

For one thing, it protects U.S. vital interests -- the good old stuff we learned in college -- not seeing the

appearance of a rival hegemon on the Euro-Asian landmass. Trite as it sounds, I think that is a very, very important point.

Secondly, it provides a mechanism for coordinating often like-minded states. We have interoperability with these people, and that is a good thing. We have forward deployment for American interests abroad, which is useful. And I think most importantly, and this is the last question that I asked Europeans directly, "What do you think NATO will be?" I had 43 separate answers, so I don't have time to go through all of them.

But I said in return, I think NATO is about life insurance. I think it's about house insurance. I think if you have threat assessment as the way you look at things, you are doomed to failure.

In 1929, Winston Churchill, as Chancellor of the Exchequer, cut the British defense spending because he was told by everybody that there were no threats in 1929. As he said later, "It was one of the dumbest things I ever did," though at the time there was not a ripple of opposition to this.

Frankly, I don't know what will be a threat 10 years from now and neither do you. But I do know that NATO has worked. And I do know that having house insurance, whether my house be destroyed by my children, lightning, flood or fire, it is probably a good thing.

It is imperative that the Europeans do more. We should support ESDP, while at the same time urging them to make this a real and viable thing. I am not afraid of decoupling, but I am afraid of muddling through.

Thank you.

(Applause.)

MR. CARPENTER: Thank you very much, Dr. Hulsman.

Our second speaker is John Bolton, who is a Senior Vice President at the American Enterprise Institute and a partner with a law firm here in Washington. He was formerly President of the National Policy Forum and a Senior Fellow with the Manhattan Institute. From 1989 to 1993, he served as an Assistant Secretary of State in the Bush administration.

Dr. Bolton's articles have appeared in International Relations and National Security Issues. They have been in places such as the Wall Street Journal, The New York Times, Washington Post, Los Angeles Times, and many other newspapers and magazines.

He holds a law degree from Yale Law School and he graduated with honors from Yale College.

John Bolton.

(Applause.)

JOHN BOLTON, SENIOR VICE PRESIDENT,
AMERICAN ENTERPRISE INSTITUTE

MR. BOLTON: Thank you very much, Ted. It is a pleasure to be here today.

I speak as a very strong supporter of NATO, and as an American internationalist. But I think it would be blinking at reality not to appreciate that NATO is at a critical point in its history, perhaps a point from which there may be no return. And I think the problem that NATO is grappling with here is unmistakably caused from one source. And that one source is the European Union -- for two reasons.

First, the whole course of European political and economic integration has as one of its themes, not its only theme and perhaps not always its principle theme, but one of its themes has for quite some time been anti-Americanism. And I think that much of what we see, much of the focus of the drive toward a common foreign and security policy, is increasingly in public now reflecting that anti-Americanism.

I think it is something that is unpleasant to talk about but something that we simply can't ignore. I think if the European Security and Defense Identity really did come into existence, it would be the end of NATO, as we know it. I think it is something that the United States can no longer simply

passively accept, which is the best spin that you can put on the Clinton administration's policy, because I think we should say unequivocally that ESDI is not in the best interests of the United States for reasons I will elaborate on.

But one reason why it is particularly not in our interest is that many of our European friends, finding themselves concerned for one reason or another about ever closer European integration, find themselves confronted by the pro-integrationist Europeans by saying that the Clinton administration thinks all this is fine. "The Clinton administration says this is just wonderful. What are you concerned about? You are being more American than the Americans."

I just want our European friends to know that the Clinton administration does not represent the highest and best American thinking on this subject, and that indeed what it really reflects is the autopilot that the State Department has been on since the Marshall Plan, when the notion of European economic integration actually came about as an American idea to help sell the idea of massive economic assistance in Europe. It is, I must say, an ironic tribute to the State Department that it has actually kept this policy in line for 50 years. It may be the only policy that they have succeeded in doing that to, but it is now having adverse effects for the United States.

You can see the difference in how it affects American policy pre- and post-Maastricht. There is not in trade matters anymore a G-7, let alone a G-8. There is not a G-7. There is a G-4. The members of the European Union do not participate in G-7 negotiations as countries. The E.U. represents them since the E.U. now has competence over trade matters.

In the U.N. Security Council it is rarer and rarer to find a British or a French point of view being expressed. The French and the United Kingdom representatives are now reflecting E.U. policy; in effect, the E.U. has two permanent seats on the Security Council.

This is repeated in a range of diplomatic contexts around the world, which is why this push for European integration is not simply a NATO issue. It is an issue that affects the United States in a multitude of forums.

Now, as John said that I had said before, if the Europeans were really interested in substantially increasing their military spending, their defense readiness capabilities, their investment in research and development and future technology so that they were capable of doing more militarily together with the United States, that would be one thing. But that is not what we are talking about. Instead, we are talking, I fear, about a fundamental, philosophical split between a

European way of thinking on the one hand and, on the other hand, a Western way of thinking or an Atlantist way of thinking.

Now, I find it very hard to understand why European integrationists are insisting on this difference, unless it is to separate themselves from the United States. And this is the root of the anti-Americanism that I mentioned a moment ago.

To think that there can be a European view of life as opposed to a Western view or a series of national views, you have to argue for example that Greeks and Finns have more in common, let's say, than Americans and Irishmen. I just don't think that statement is true. I don't think it is true today. I don't think it has been true historically. I certainly don't think it is going to be true in the near future.

But what it means is that there is something that they call European that they think is different, that is having important ramifications not only for the United States, but for those other industrial democracies that share the same deficiency that we do; that is to say, they are geographically incapable of ever becoming members of the European Union -- the Canadians, the Australians, the New Zealanders, the Japanese and others. It is not entirely clear what happens to them when we think about common interests that are now subdivided between European interests on the one hand and all the rest.

I think it is increasingly clear that the thrust of this integrated European policy has separated itself from American policy in a number of respects, all of which have been harmful to us. I will not recount here the painful diplomacy surrounding the breakup of Yugoslavia, but I think I certainly will never forget Jacques DeLores, at the time, saying the United States should stay out of Yugoslavia, that the E.U., in the flush of post-Maastricht euphoria, was going to handle it. And Jacques DeLores says, "We do not interfere in the internal affairs of the United States. I trust they will not interfere in ours." Actually, in retrospect, we might have taken him at his word and let the Europeans worry entirely about Yugoslavia, other than the fact that they had made such a hash of it.

But look at it in other respects as well. I think the European Union's position on the particular question of Cyprus, the particular question of Cyprus and the broader question of our relationship with Turkey is entirely unhelpful. I think the European Union's role in the Middle East peace process is not only unhelpful, I think it has been destructive. I think there are a range of issues where they are making it difficult, if not next to impossible for the new democracies in Central and Eastern Europe to participate fully as members of the West.

In fact, one Eastern European diplomat put it to me very well when he said, "This tension between the European Union

and the United States reminds me of when I used to visit my grandparents. My grandmother would sit me on her knee and say, 'Now, who do you like better, grandma or grandpa?'" He said, "I used to hate that then. I hate it now when I am confronted with the same question."

And the only response that I could make was, "We are not asking you to choose." The United States is not putting an alternative in front of the nations of Central and Eastern Europe. It has been uniformly the Europe Union that has put them in that difficult position.

I think that this tension, this increasing divergence of views between the United States and the E.U., is exemplified in the Kosovo crisis and in the decisionmaking that led up to and conducted through the NATO air campaign. I think it manifests itself in four ways. First, and most troubling to me overall, was the lengthy internal NATO debate about whether we need a U.N. Security Council authorization to act.

I opposed the NATO air campaign over Yugoslavia. But there is not the slightest doubt in my mind that there was absolutely no requirement whatever to go to the U.N. It was clear that there would have been a Russian and perhaps Chinese veto, as well. I think that issue was booted down the road in the case of Yugoslavia and the Kosovo campaign. We are going to

face it again. I find it very troubling in its implications for NATO and for the United States.

Second, there were enormous internal NATO disagreements over targeting decisions.

There was, third, the unseemly public debate over whether or not to use ground troops, with President Clinton publicly debating with himself, "Yes," "No"; with Tony Blair taking a hawkish role; and with Gerhard Schroeder taking an opposing role.

Clinton won because no ground troops were eventually inserted. Blair won because he was said to have had a good war in the United Kingdom. And, most mind-boggling of all, Gerhard Schroeder was known in Germany as Kreig's Counsellor.

All three of them won, but NATO lost.

Fourth, the major problem that I think we are aware of, the United States carrying the major military burden of the war, showing the disparity in capabilities between the two sides of the Atlantic.

The problem here is that everything that Kosovo reflects, everything that is wrong with E.U. decisionmaking has now infected NATO. The result is the deterioration of NATO's decisiveness and flexibility, two characteristics the European Union has never possessed.

Now, maybe the Europeans can live with that, but we cannot. And while NATO's demise, to me, would be one of the most unwelcome developments that I can foresee, I guarantee you, when you add that E.U. indecisiveness together with the proclivity to go the U.N. Security Council, the risk of hobbling American ability to act unilaterally when it is in our interest concerns me greatly.

I think the United States policy toward Europe should be based on two principles: First, that NATO has to remain the principal political military vehicle for the expression of common Western interests.

I view the development of national and theater missile defense as being the principal operational way to move ahead here, one that can really strengthen NATO unity. I see the way the Clinton Administration has handled national missile defense as having the exact opposite effect; yet another reason to welcome the impending approach of January 20, 2001.

Secondly, I think the answer to the separateness that the European Union chose on the economic side is to bolster the transatlantic economic relationship. I think you cannot separate the economic relationship between the E.U. and the United States from the political aspects, as well.

But I am, at bottom, most deeply troubled by the profound differences that I see emerging in a series of foreign

policy initiatives by the Europeans, not necessarily in connection with NATO. We have one unfolding in front of us right now. The European hostages have been released by Muslim insurgents in the Philippines, it is said and widely believed, as a result of ransom payments paid by Libya, amounting perhaps to \$1 million per hostage.

The hostages now are on their way, or may actually be in Tripoli, Libya, where the Foreign Minister of Germany is said to be going to receive them gratefully from Muammar Qaddafi. This is tantamount to supporting an act of terror by Qaddafi, who has been supporting, it is believed, the very Muslim rebels who took the hostages to begin with.

The idea that we have broken our common front against negotiating with terrorists is not only mind-boggling; it has been proven this morning that while the German Foreign Minister is in Tripoli to thank Qaddafi, the rebels who seized the six European hostages have taken an American hostage this morning.

This is the kind of split between the United States and Europe that no amount of hypothetical talk about architecture is going to change. It is something that both Europe and America have to address quickly before it gets out of hand.

Thank you very much.

(Applause.)

MR. CARPENTER: Thank you very much, John.

Our final speaker is Dr. Christopher Layne. Dr. Layne is a Visiting Fellow in Foreign Policy Studies at the Cato Institute. Previously he was a Research Fellow at the Belfer Center for Science and International Affairs at Harvard's Kennedy School of Government. Before that he was an Associate Professor at the Naval Postgraduate School.

Dr. Layne was a 1995 recipient of a McArthur Foundation research and writing grant, a Fellow in Global Security Award.

His articles have appeared in almost all of the finest foreign policy journals; some truly seminal articles in *International Security* and some very powerful pieces as well in the *Journal of Strategic Studies*, *Foreign Policy*, and the *National Interest*.

Indeed, Dr. Layne was about the only scholar that I can recall who predicted in the early and mid-1980's the reemergence of the German question and the impending end of the Cold War. This was before Mr. Gorbachev came to power. I think this is a prediction that he has not gotten nearly enough credit for.

He is currently working on two books, "The Peace of Illusions: International Relations Theory and American Grand Strategy After the Cold War," which is forthcoming next year

from Cornell University Press, and a second book, "Should the United States Promote Democracy: A Debate." That is co-authored with Professor Sean Lynn Jones. That is forthcoming from MIT Press.

Dr. Layne holds a Ph.D. in International Relations from the University of California at Berkeley, as well as a law degree from the University of Virginia.

Please join me in welcoming Christopher Layne.

(Applause.)

CHRISTOPHER LAYNE

VISITING FELLOW, CATO INSTITUTE

DR. LAYNE: I think the two presentations that we have had to start the discussion this afternoon illustrate that there really is an ambivalence that has lain at the heart of the U.S.-European relationship since the end of World War II. On the one hand, the United States has always had extraordinarily mixed feelings about the meaning and implications of European integration even as at times the United States, through policy and rhetoric, has favored European integration.

At the same time, even though, especially during the Cold War, Europe looked to the United States as a protector, the

Europeans have always been profoundly distrustful of the imbalance in power between the United States and Western Europe.

Now, I teach international relations, so I know every time I mention the word "international relations theory" my audience always gets the MEGO effect, "My Eyes Glaze Over." The word "theory" has a way of doing that to people. But in fact, most debates about international politics and American grand strategy do reflect various ideas that come out of the intellectual community of scholars that thinks about international politics.

Now, I am a realist in terms of international relations theory. And the one thing that most realists would agree on is that throughout the history of the modern state system, there has been one constant that has characterized relations between great powers. That is, every time one state becomes too powerful, other great powers either emerge to challenge it or form alliances to countervail the overwhelming power of the dominant state.

I think if we use that as a starting point, we can put into some kind of context what this debate is all about and see that in fact the disagreements, or potential disagreements, between the United States and Western Europe are part of a pattern of events that can be explained within the context of history and international relations theory.

Now, it is true that the European Union, going back to the days of Jean Monet, when it led to the Coal and Steel Community and then the Common Market, the forerunners of today's European Union, has had an underlying theme of, I am not sure I want to use the term "anti-Americanism," but fear of American power. But this is not new. And we can go back to the late 19th century, to the British writer, John Seeley. We can go back to the early part of this century, the German writer, Frederick Neumann, many European geostrategists worried for a long time that as the so-called "world powers" emerged, the United States, the British Empire, and Russia, that a Europe, fragmented among a number of nation-states, could not compete geopolitically.

So, the drive for European integration has always had this geopolitical impulse underneath it, this ability and this desire to create a European power center that could compete equally on the world stage.

Today, it just so happens that there is only one great power in the international system. It is the United States. And without using the term pejoratively, the U.S. in fact is a hegemonic power. And it is not to be unexpected that hegemonic power provokes suspicion, fear and mistrust among others and does in fact lead to counterbalancing behavior.

Now, the question, of course, is: Is it real this time? As my friend, Sean Lynne Jones, would say, we have heard the Europeans engage in sort of a carping policy of balancing, lots of complaints about American power, but no action.

I think what happened at the beginning of the 1990's, when Yugoslavia broke up and we heard all this talk about the hour of Europe, the Europeans were going to step forward, as John Bolton said, and somehow manage European affairs on their own, and they didn't.

The question is: Is this different? Is the European Defense and Security Identity, which has now been transmuted into a policy, going to lead to a different outcome?

Well, there are a lot of reasons to think that maybe this time it will. I think that what the Kosovo war did for Europe was dramatize, in a very harsh fashion, the gross disparity between America's power and Europe's, particularly in the areas of military technology that really are the key to strategic power in the 21st Century: the ability to use computers, the ability to have advanced reconnaissance systems, real-time communications, precision-guided munitions, communication satellites, a whole, what you might call, revolution in military affairs. The United States dominates, and Europe is far, far behind.

Now, it is clear that we have seen the Europeans voice, I think even more strongly in the wake of Kosovo, their fear of this world in which there is only one great power. The French Foreign Minister, Revere Vedrine, as we know, it is not enough for him to even refer to the U.S. as a superpower any more. We are now a hyperpower. As he said, and I quote, "We cannot accept either a politically unipolar world nor a culturally uniform world, nor the unilateralism of a single hyperpower, and that is why we are fighting for a multipolar, diversified and multilateral world."

Without arguing the merits, either pro or con, I can simply say that it is clear that the European reaction to the Senate's rejection of the Comprehensive Test Ban Treaty, to the Clinton administration's endorsement, and both parties' endorsement, of National Ballistic Missile Defense, and with it the possibility that the U.S. may abrogate the ABM Treaty, has fanned fears that the United States is acting unilaterally to seek global military dominance.

Now, again, I am not editorializing on whether we should or shouldn't. I am simply describing that, as we would expect, if realist theory is right and states balance against hegemony, that others have drawn the conclusion that we are hegemon, that we are too powerful and they are trying to begin to balance against us.

Now, it is clear that if Europe does want to balance against us, it must move ahead both politically and economically in terms of creating something that will amount to a Federal European State, as well as on a military track that will lead to the acquisition of significant advanced military capabilities that will put Europe, if not on a par with the United States, at least in a position to defend itself and take care of its needs without American assistance.

Now, this has clearly evoked some concern among American policymakers. But, again, to look at this in a historical context, we ought not to be surprised. And that is funny, because I spent yesterday out at College Park in the National Archives, sort of combing around. In 1948, when the United States was engaged in supporting the West European Union as the first step that ultimately led to the North Atlantic Treaty, the Truman administration prepared a National Security Council document that said: We have to make it clear to the Europeans that while we are going to help them militarily, we expect them to use this help to stand on their own so we won't have to do this forever.

Of course, how many years has it been since 1948? The question, of course, is one that anyone who has some familiarity with economics and free rider collective action problems, and John Hulsman was right, the United States would defend Europe or

be active in European Security affairs regardless of what the Europeans do. And throughout the Cold War they knew this. This has always created these burden-sharing problems.

But this isn't about burden-sharing any more. This is about balancing power. The United States has always had, as Henry Kissinger, in his 1965 book on the Atlantic Alliance, appropriately enough called "A Troubled Partnership," a title that could be recirculated today, said that the United States has always been unsure of whether we want a European entity that is integrated politically and economically or not.

Because on the one hand, we know that that Europe could take a lot of the burdens off our shoulders; but on the other hand, as Kissinger said, we shouldn't assume, and I quote, "that Europe would unite in order to share our burdens, or that it would be content with a subordinate role once it had the means to implement its own views. Europe's main incentive to undertake a larger cooperative role in the West's affairs would be to fulfill its own distinctive purposes."

Then he went on to say that a united Europe would "challenge American hegemony and European policy." This was written in 1965, and clearly the fears that we see in Washington today in policymaking circles of EDSP reflect that same fear.

Now, one thing I would say is that I don't think the Clinton administration is really any more ambivalent in policy

terms than any previous administration, with the exception possibility of the Eisenhower administration had been, about the idea of a united Europe, particularly where EDSP may be going.

The Clinton administration has made it quite clear that EDSP is acceptable only as a pillar of NATO; that, as Secretary Albright has said, it is a useful way to think of burden-sharing, but it must be based on "the principle that these institutions should be the European pillar of a strong transatlantic alliance and not competing entities."

Deputy Secretary Talbott has said that the U.S. "does not want to see an EDSI that comes into being first within NATO, but then grows out of NATO and finally grows away from NATO, since that would lead to a Europe that duplicates NATO and eventually could compete with NATO."

We could go on and quote a number of statements from Clinton administration policymakers. We could quote the three D's, that EDSP cannot discriminate, cannot duplicate, against what NATO does.

If you think about what it means that EDSP should not duplicate NATO's -- that is, the United States' -- military capabilities, well, what is left for it to do? I mean it keeps Europe in a perpetually subordinate role.

That is really the question. The question that we have to look at is: Can the United States conceive of an

alternative strategy? Can it conceive of a multipolar world in which it is no longer dominant, or are we going to maintain or attempt to maintain NATO as what it has always been, the instrument of American preponderance in Europe?

Even if one thinks that that is a worthy goal that we should still adhere to, I think one has to ask the question of whether, over the longer term, it is a goal in which we can succeed.

There are a lot of reasons to see that NATO is being frayed. It has always been a troubled alliance. I think without the glue of a common threat that we had during the Cold War to hold it together, it becomes much more problematic as to how long it can endure, given all these underlying tensions between the United States and Western Europe. But most primarily, the question is how much longer can we expect that Europe will be content to maintain itself in the shadow of the United States and not emerge as an equal on the international stage?

I think that is the real issue that is at stake in EDSP. And that is why the differences between the U.S. and Europe on this issue are likely to be profound and grow even more acrimonious over time.

(Applause.)

MR. CARPENTER: Thank you very much, gentlemen. I think we have had a very apt description of some of the important issues at stake.

Now, it is the point in the program where we take questions and brief, and I emphasize "brief," comments from members of the audience.

There are a few ground rules I would ask you please to follow. Wait for me to call on you and then wait for the microphone to come around. We do want everyone to be able to hear your question or comment.

I do ask you to keep your question or comment brief and to the point. If it is a question, indicate to whom on the panel the question is addressed. I would also ask you please to identify yourself and your affiliation before you begin your question or comment.

Do we have someone to begin?

AMBASSADOR JESZENSZKY: I am Ambassador Geza Jeszenszky, of Hungary.

My question is rather an encouragement to hear your views of whether you are in full agreement, but hoping that you will express your views especially about the Dr. Layne's opinion. I would like to say that what John Bolton said, that the new members of NATO and the general dissent in East European

countries may face this unwelcome situation whether you like _____ better.

But I think that would be fairly innocuous. But the problem is that when the new former countries that just escaped from Communism face not that but a divorced parentage, and when they are asked to make a choice, whether you stick with father or mother -- and this is what we want to avoid.

So, in view of that I would be happy to hear whether you are in full agreement especially on the question of Europe --

[End Side A. Begin Side B]

AMBASSADOR JESZENSZKY: -- for U.S. attitudes toward NATO being further enlarged?

MR. CARPENTER: As moderator, I am precluded from offering much in the way of views on NATO. I would simply say very briefly that I consider NATO a security dinosaur.

I think the meteorite has already hit with the end of the Cold War, but the dinosaur hasn't gotten the word yet. It is not well suited for the security problems of post-Cold War Europe. In fact, this was a mechanism developed to deal with an exceptional threat to both European and American interests. That threat has passed. There is no comparable threat today.

From the standpoint of American interests, we

should be absolutely thrilled if there is a strong European Security and Defense Policy, because that entity would deal with the Bosnias and Kosovos of the future and we would not have to. That is very much in our interest.

I would leave it at that and open it up to the panel and anyone else who wants to comment.

MR. BOLTON: Could I just take a shot at the first part of that? I think Ambassador Jeszenszky has really put the problem to the Central and Eastern Europeans more graphically than I did, and perhaps more accurately.

But it seems to me almost undeniable that the choice that they are being asked to make between the divorced parents is not a choice that America is asking them to make. There is no objection, I think, on the American side to any of the new members of NATO or any of the perspective members of NATO joining the European Union.

The problem is that joining the European Union carries with it a price that is increasingly difficult for them to reconcile. I think it is difficult to reconcile not only in terms of national interest, but in terms of democratic theory, as well. As they find themselves freed from one form of external authority over their national choices, it is now being replaced, at least in the minds of many, with another one. And

that is not something that they find easy to adapt to, and I find myself in considerable sympathy with that concern.

DR. LAYNE: I just want to say I think Ted Carpenter is right up to a point when he says that NATO is a security dinosaur. But it overlooks something that I think many people do not accept or understand unless you happen to be one of these people who just immerses yourself in the history of post-World War II American policy. And that is that the Soviet Union and meeting the Soviet threat certainly was a large impetus behind the American commitment to Western Europe. But it was not the only impetus.

If you go back to read the Bush-Scowcroft book, "The World Transformed," or the Zelicho-Rice book -- both of the authors were policymakers in the Bush Administration -- on German reunification, it is quite clear that the other half of why the United States has always favored NATO came to the fore when the Soviet Union disappeared. That is that NATO is primarily an instrument for exercising American power in Europe. That hasn't changed, even without the Soviet Union as a common threat.

When you look at how the Bush administration, for example, or the Clinton administration, never missed a beat -- the Cold War ended, the Soviet Union disappeared, nobody ever

asked whether we still needed NATO, because the Soviet Union was only part of the story.

MR. HULSMAN: Briefly, I am concerned as well about the European Union, and I want to make that clear. I am very concerned. I think it is fairly antidemocratic. The Council doesn't publish what it does. The Commission is unelected. The Parliament has no power and speaks, goodness knows, how many languages.

I read a book recently about democracy in Europe. The question was: Where are the Madisons? The point is that these people don't look at the world in terms of individual liberty of their citizens being the motivation for constitutional changes. I am greatly afraid of that.

But I don't think the question that I would ask my panelists and others is how is Europe going to balance the United States? What are they going to do to balance us? I don't believe they can, partly because of what, for instance, Dr. Layne said about them being so far behind.

I also take issue with the notion that the U.S. is a hegemon. I think that these terms, in terms of theory, matter a great deal. The United States, it seems to me, if we are going to use a historical analogy, is like the U.K. after Napoleon. It is first among equals. The world is uni-multipolar, as Professor Huntington said.

But the U.S. can, on almost any given issue, go its own way and ignore the will of our allies. But nor is the world multipolar; hence our confusion. It doesn't fit easily into either category. So, it seems to me that rather than try to make it fit we should expand our categories.

MR. CARPENTER: Mr. Pulch from the German Embassy would like to make a brief comment.

MR. PULCH: First of all, I think, times are changing but it is good that some things don't change, and that is the views expressed here in the Cato Institute.

I don't think it is fair to compare the efforts of 1952 Lisbon, and 1956, the Radford Plan, and all the other enterprises with what is going on now. What we are really talking about is to come up with a European crisis prevention and management capacity. Nobody, not even the French, contests NATO as the core group for the collective defense of the NATO area.

Someone has to make the clear distinction between NATO operations to present the common territory and the out-of-area operations. What we are talking about in the European defense policy, in contrast to the European defense identity within NATO, are two different things. It is out-of-area operations such as Kosovo and others, as defined in the so-called Petersburg Tasks in the European Union Treaty.

Now, the European Union is not a state. And we are, in the history of our integration, at the state of the articles of confederation. That means before the Philadelphia Convention in this country. In this context, one has to assess and appreciate what is being done. I encourage you all to see what is being done as an effort to create an enabling partnership between the U.S. and Europe, and not a competition. Europe will still need the United States to the same extent that Europe needs to look the other way around.

If you want to learn more about the European defense policy, I have some fact sheets which, if you ask me, I will give them to you. I don't distribute them on my own.

Thank you.

MR. CARPENTER: Comments from the house?

MR. BOLTON: I think this goes to the basic heart of it, which is whether you can have this kind of contradictory approach and sustain it over a long period of time. You either want to be separate or you don't. You want to be unified in a common foreign and security policy or you don't.

You either want to be a conglomeration of nations or, as the CDU Chairman of the European Parliamentary Committee on Foreign Policy said testifying before our House of Representatives, "The European Union is a state under

construction." The only question is how close are you to getting to it.

That is what I think makes the Clinton administration statements about what is acceptable or what is not acceptable untenable, because they do not represent a state of affairs within the real world that is going to persist for a long period of time. They contain too many internal contradictions.

I would say also that the gentleman who just asked the question gave me a little card which I will read, because he asked me to. It says, "I called the German Embassy, which is in touch with the Foreign Office. Foreign Minister Fischer is not in Libya. Please correct."

I hope Foreign Minister Fischer is not in Libya. I should tell you the source of my information for that was Deutsche Welle Television, which came to interview me last night, they having been informed in Germany that he was on his way to Libya and they wanted my reaction.

In any event, they asked me, what did I think of Foreign Minister Fischer going to Tripoli. Maybe your media aren't any more accurate than our media. It wouldn't surprise me in the slightest. I hope that the Foreign Minister in fact is not in Libya and doesn't plan to go there.

DR. HULSMAN: I take issue, I think, with the idea that this is just a Petersburg Task. That is certainly not what

I heard across the board. I don't believe that that is the common view of everyone in Europe. I don't think that can be upheld at all. In the 40 meetings I had, perhaps 10 didn't say that. Perhaps 20 did and perhaps 10 didn't know.

So, I think it is very important that we not pretend that this is all set in stone. It is not. Going back to your point about the articles of confederation, the way that ties in. The problem with the analogy of using the American system, because then you say to Americans, "Who can be against this thing? They are just going through what we did.

They need their Hamiltons and their Madisons and their Jeffersons, and they will end up like we did. Except that the United States, at the time of doing that, had a common history, a common language, a common geopolitical position, a common culture, and we still fought a civil war that killed half a million people.

I would advise against that. My point is the analogy is not apt. It is not the same. It is its own thing and we ought to consider it on its merits. But I think it is somewhat pernicious to pretend that Europe is just going through what the United States went through in Philadelphia 200 and some years ago.

MR. CARPENTER: Alan Tomlinson first, then Stanley Coburn.

MR. TOMLINSON: I am Alan Tomlinson with the U.S. Business and Industry Council. This is a question for John Bolton and, to a slightly lesser extent, John Hulsman.

You have both done such a great job of describing what lousy allies the European NATO members are. Their defining enterprise for decades Mr. Bolton described as being anti-American.

Mr. Hulsman said, to an extent, that they don't believe in American-style individualism as the main engine for political change. Again, this defining enterprise is fundamentally antidemocratic. Mr. Bolton has described European foreign policy initiatives as trying to undercut American foreign policies in places like the Middle East.

My question is, rather than struggling and scrambling to try to keep this NATO enterprise together, as I think you two would like to do, wouldn't it be a much more responsible task to try to figure out how the United States is going to eventually flourish in a world with no NATO? Because you have made a strong case that that is exactly what we are heading towards.

DR. BOLTON: Well, I think the point is, or at least my point, is that the differences between the United States and Europe, which were suppressed during the Cold War for obvious reasons, have now come out into the open. And it leaves me very concerned about the future viability of NATO. And as I said,

particularly if Europeans really do endorse the idea, going back to the Washington Treaty, that NATO really is sort of a subcontractor for the United Nations, then I have very grave reservations myself about its long-term future.

In the United States, we don't really pay much attention to the United Nations for good and sufficient reason, frequently. But Kofi Annan, who is on the cover of Time Magazine this week, has said that the Security Council is the sole legitimate source of legitimacy for the use of force in the world. I think that is ridiculous. I don't think it is supported by the U.N. charter or by U.N. history.

But the tone of the debate pre-Yugoslav air war with our European friends, and as they discuss it quite regularly in conferences and in public statements, is they regard Security Council authorization, in effect, as a prerequisite for much of what NATO has to do.

I would find that terribly debilitating. But I think it would be a mistake to conclude at this moment that all of the detriments which I have laid out outweigh the benefits that NATO can still have. I don't think there is any question about the utility that NATO had, for example, in the Persian Gulf crisis, where it was not expressly a NATO operation but where all of those habits of cooperation, equipment interoperability, a whole

range of things, were enormously useful in what was obviously an American-led coalition.

I am afraid that the European belly button contemplation that they are absorbed in risks tearing that apart, because it leaves NATO without the ability, call it NATO or not, to do things outside the NATO area. And I am pessimistic. I don't think you can avoid that. But I am not pessimistic to the point of saying "Let's just junk it."

DR. HULSMAN: I think it comes down to the degree. The great thing about diplomacy is you just don't throw your hands up when you have problems and say "Right, that's it." The list that I gave of the five reasons I think NATO is still valid is precisely why I think NATO is still valid and why I am still toiling in the vineyards on this one.

Like John, I, too, am concerned, and fairly gravely concerned, about the future of NATO. But to me that is the reason to look at NATO, assess what needs to be done, see if it can it be fixed and maintain a flexible foreign policy. Don't just shrug our shoulders. And here again I agree with John about the State Department being on autopilot; it needs to maintain a flexible policy.

At the moment I think there is no doubt that staying in NATO at this instant is an American interest for all the reasons I listed. I think the CJTF mechanism, for instance,

might be a way to add flexibility. With the Combined Joint Task Force, for those of you who don't know, up to now NATO has had two options: You can either veto a mission or get totally involved in a mission.

The CJTF mechanism will allow us a third option, which is to say we will not get involved directly but will help supply lift, logistics, the things needed, because that allows for our interests not to be exactly identical. They never were exactly identical, our interests, with any NATO members. During the Cold War we had to swallow all that. We don't now. But there are some intriguing uses of flexibility that lead me not to give up hope, while admitting that indeed there are real problems.

MR. CARPENTER: Chris?

DR. LAYNE: I find it very interesting that people can say that the United States is a hegemon, but the moment a challenger or a potential challenger emerges on the horizon they express great fear about its emergence. I think that is what dominant powers try to do. They try to prevent the emergence of potential rivals.

It is clear that, again, historically, not just today but throughout the Cold War, the United States has always been uneasy about the possibility of a truly united Europe for precisely that reason, because it could be a possible rival.

We should look at the reasons why NATO is asserted to still be something that we ought to preserve. First is the historical American policy of ensuring that there is no hegemon on the Eurasian continent. Well, it is pretty clear that it is going to be a long time before any such hegemon emerges from the European part of the Eurasian continent. And we can discuss East Asia another day, but NATO is not really justified by that traditional interest.

In fact, you can go through policy documents from the Eisenhower administration, for example, that say very candidly -- they were internal documents -- say that even if we lost Europe during the Cold War, it wouldn't tilt the balance of power against the United States. The fact is that nuclear weapons rendered obsolete a lot of these traditional balance of power calculations about the importance of Europe being kept from domination from a single power.

Interoperability? Well, I'm in favor of that. But you know what? The United States has lots of bilateral security relationships with countries that provide for joint training exercises. We don't need to have NATO to do that.

In terms of insurance, well, I have heard that argument asserted for NATO for a long time. Now, certainly we could say during the Cold War that it was that kind of insurance. There are some catastrophes for which insurance

either is not available or the premiums are extremely prohibitive. That may certainly have characterized the Cold War. Right now, what are we insuring against?

The only thing that NATO really insures against, as long as the United States keeps it viable, is that Europe will not become a rival to the United States. I think that is what we ought to be debating: Do we want a Europe that really is independent, an equal actor on the world stage? Is that in the American interest or isn't it? And what conclusions do we draw either way?

MR. BOLTON: Could I just add one point on that score? I don't think you can discount entirely, and perhaps you don't, but you can't discount entirely the possibility of backsliding in the Russian Federation and the risk that a red-brown coalition, as they call it, will occur, with a return to authoritarian rule, an aggressive, expansionist Russian Federation that brings back some of the republics that are now former republics of the Soviet Union that are now independent. Admittedly, it would be a Russian Federation considerably weaker militarily and in any other respects than before, but nonetheless a potential problem facing Eastern and Central Europe.

I think the series of disasters, the Kursk sinking, the fire in Ostankino, and life in Russia generally, leave me

continually concerned that the prospect of a red-brown coalition is not entirely hypothetical. So, I think there is a residual role there for NATO, as well, that is far from de minimis.

MALE VOICE: First of all, during the Cold War you could find statements by European officials, clearly not the majority view but still an important view, that wondered how was it during the Cold War, when the Soviet Union was actually feared, that Europe with a greater population, a more advanced economic, a much greater gross national product, had to rely on the U.S. for its defense and wasn't capable of defending itself?

I look at Russia and I say, yes, all kinds of bad things could happen in Russia, but it is going to be a while before they have the military power and the capabilities of projecting that power into Central or Western Europe. And I guess the key to your statement was that is could create problems for Central and Eastern Europe. Well, I didn't hear problems for the United States in terms of security. And don't hear the answer, even if those problems do emerge, if those threats do emerge, why you don't want Europe to be in a position to be able to deal with them autonomously.

MR. CARPENTER: Stanley Kober.

MR. KOBER: I am Stanley Kober, with the Cato Institute.

I want to follow up on something that Mr. Hulsman said, which is that the Europeans not only have to rationalize defense spending and actually increase it, but in fact they are decreasing defense spending. Can they increase defense spending? That is my question.

I keep looking at the decline of the Euro, which was supposed to be a strong currency, and it keeps dropping. All the benign explanations, oh, it came in at a very high level, it's a cyclical difference with the United States, as it keeps dropping, the benign explanations look less credible. And it leads one to conclude that maybe there are fundamental structural problems with the European economies.

If that is the case, can we expect any increase in European defense spending, or must we resign ourselves to further decreases with all the implications of that?

DR. HULSMAN: That is, in a nutshell, the heart of my fear. My greatest fear is the economic question. I believe, and I say this as a member of the Heritage Foundation and a believer in the free market, I believe the European system is not as friendly to the free market, certainly as the American one. It's Social Democratic. And the way that they maintain stasis is the common agricultural policy, protectionism.

And I think what you are seeing right now is the top end of the German economic performance now is about at the same

level as the bottom end of the American economic performance. That, of course, leads to capital flight, which has massively occurred, with people in Europe investing in dollars, people around the world investing in dollars, and not in Euros. As a result, the Euro goes down. It is a pretty basic economic point.

If, in the long run, Europe doesn't become market friendly enough, what will happen is -- their unemployment rate is double that of the United States, still. In terms of net private sector job creation in the nineties, zero. That is a staggering figure. Net private sector job creation has been zero for a decade. Unbelievable.

These are great problems. Because I think, and I fear certainly, that Europe will not be able to do what it needs to do across the board economically or militarily. And I don't jump up and down in glee with this. I think this is a terrible thing and something that needs watching. I think frankly the Euro argument that you make is quite right and is the tip of the iceberg.

MR. BOLTON: Could I just add one thought on that?

I don't purport to be able to predict what the European defense expenditures are going to be over the next 10 years, although they clearly should be a lot higher, but I think that one can say with near total certainty that if they don't

increase substantially, the military utility of the Alliance will drop even lower than it is now.

For example, in Kosovo, missions were scheduled in such a way that frequently the Europeans just couldn't participate, or, to put it another way, we would not risk our pilots participating along with European pilots who did not have the capabilities that our pilots had.

In fact, as you may know, some of our forces wore a tee shirt during the Yugoslav campaign that said, "If you can't hunt with the big dogs, stay on the porch."

(Laughter.)

MR. BOLTON: If the European members of NATO aren't able to hunt with the big dogs, one is going to face the question, "Why are we carrying all of this political baggage?" It is a very serious question and one that I think should speak to the Europeans more persuasively than any of us talking about the politics of it, to say they have got to get their defense expenditures up.

MR. CARPENTER: The gentleman here in the first row. Please state your name.

MR. MATERNO: I am Mark Materno with the Yanus Foundation.

I want to say, first of all, that I think that you are absolutely right, Mr. Hulsman, when you say that we just don't

know what sorts of threats we may be facing in the next 10 to 15 years. We might not even know what threats we are facing right now.

But, I am wondering, Mr. Layne, if you and, for the whole panel, whether you would make predictions as to what sort of scenarios we may be looking at if it is true, as you suggest, your analysis is true, that the United States is, if not a hegemon, is at least perceived to be a hegemon and there may be a felt need to fill the power vacuum and, if Mr. Hulsman's analysis is right that, try as they might, they just may not be able to match us. What sort of scenarios would we be seeing if both of those propositions were true?

DR. LAYNE: First of all, I guess I need to state my standard disclaimer. If I could make valid predictions, I wouldn't be here. I would be in Las Vegas right now.

I think, as a strategist, when it comes to threats, I think anybody who has studied what has happened in Russia following the collapse of the Soviet Union agrees that, sure, there is always the possibility for a resurgent Russia, but there will be a lot of lead time, a lot of strategic warning.

That brings us down to another question. I don't want to get into the politics or the ideology of whether we ought to like what Europe is. Clearly Europe is a different place than the United States. It is much more statist than the United

States is. We can say that that is a bad thing, but it is not clear that we should impose or can impose our social, economic and political visions on others, even in Europe.

The question really is not whether they can become like us. The question is: If there is a threat down the line, a serious threat to their security, will they increase defense spending?

I think, historically, if it weren't for the United States being there as a security blanket, I think we would have lots of reasons to say that if there was a deteriorating international climate, the Europeans would clearly spend more on defense.

Again, everybody should go back and read the famous Manseur Olsen and Richard Zschauser article on the Economics of Alliances. There is a built-in incentive to free-ride if you are a smaller ally when you know somebody who is going to protect you whether you make a commitment or not.

Fundamentally, that has always been a dilemma in this Alliance when we talk about burden-sharing. As long as there is an alliance, there really isn't an incentive for Europe to do more.

MR. HULSMAN: I think threat perception is a shell game. I will not play. And I agree with the Las Vegas comment of Dr. Layne.

I think the point is that we don't know. As I said about Winston Churchill, and it brings me back to why life insurance is critical. He didn't know about Adolph Hitler in 1929. That is reasonable. Many of us did not know about Milosevic as much as we ought to one way or the other. No one knows what is going on in Russia. That scares me. I agree with John about that.

The point is that you want to have insurance whatever happens. I won't know the specifics, but that doesn't mean I give up the general insurance of NATO because I can't tell you specifically today what is going on.

There is a time lag in these things. One has to allow for that in policy analysis. I don't think that anyone is trying to impose statism on Europe. I think they have imposed that on themselves.

But I think the analysis has to begin from the fact that Europe is a Social Democratic, third way, if you want to call it, kind of economic construct, which is different from the United States. It seems far less efficient. And that is something that we as Americans ought to take into our analysis when we consider what they can and cannot do.

Because, lastly, I think that, frankly, the United States has acted to use modern pop psychology as an enabler. We have enabled Europe to do what it wants to do. Because at the

bottom of the line, and I have had people say this to me in Europe, "You are going to bail us out anyway, whatever you say, however much tough love you come over here and pretend to give me. In the end you will bail us out."

I was directly quoted that. And they sat there kind of bleakly looking forward. We need to reconsider this bottom line reality and how we want to move forward, without shouting at each other, but seeing how do we change that dynamic.

MR. CARPENTER: A question in the back.

MR. MILLIKEN: I am Al Milliken with Washington Independent Writers.

I was wondering if there were differing viewpoints on European reaction to American presidential campaign talk, particularly dealing with military readiness and morale. Do the Europeans take this campaign talk seriously, do you think? If so, how does this affect their security and defense identity?

DR. LAYNE: I think the result of the American election, I don't think it will be debated in our political circles, but the result of the American election will result in a different American policy toward Europe. I think the odds under a Gore presidency are pretty much continuing with the policy we have now. I don't see any indication he would vary from it.

I think the Bush policy would be a lot more skeptical of the thrust toward acquiescing in European integration. But I don't think, in broad terms, you can say much more than that.

I don't think that has fully penetrated into the European consciousness yet, because there is a tendency, particularly in diplomatic circles, to assume that whatever is today will be true tomorrow. And I think that is what they are operating on at the moment.

MR. HULSMAN: Just to add on to that, I think, for instance, one of the things they are realizing now, just, is that there is going to be a big difference in the issue of humanitarian intervention, the Clinton Doctrine stuff. Because Vice President Gore has obviously been a very strong advocate of that, and the people around him in his foreign policy team will do more of the same, if not just the same. If anything, I think the President has been a drag on doing more because he reads the poll numbers more than most.

I think, on the other hand, when I talk to the Bush people, which I do at Heritage a fair bit of the time, there is a generally more skeptical outlook to that.

And in Europe I was aware of people saying to me, "Are there real differences? The next time we need an out-of-area NATO mission, what will Gore do and what will Bush do?"

I think there are genuine differences there. And John is right, these are all governing issues. What we do generally is about governing. During the election I think our military readiness, frankly, they won't hear any of that. That is just background noise to them. Somebody had one good day, somebody had a bad day. It is almost like keeping score. But it is not about policy.

MR. CARPENTER: The gentleman in the third row on this side.

MR. HERRERA: Phillipe Herrera, from the French Embassy.

I would just like to make a couple of comments and put a question to John Bolton. As far as the comments go, some people made a remark that the whole debate reminded you, on the European side, of the 1950's and the European Defense Community.

What worries us, speaking in my French and E.U. capacity as well, is that we have the sense that here the debate hasn't moved forward. While the world has changed and the threats that we are confronting have changed, and the role that NATO could play and that the European Union can play have changed. And hopefully, in a sense it would be for the better.

I have heard a lot of things that sound like paranoid fantasies about the dark French projects to break up NATO. What this is about is far simpler, as Eberhard _____ pointed out.

It is about Europeans being able to do more to put out fires in their own backyards, alone, if the United States doesn't want to intervene, or when and where the United States doesn't want to intervene, and with them in the NATO framework when they do.

What is worrisome is that different interests, whether they be national or expressed jointly, and different objectives, are perceived by the U.S., or by some in the U.S., as a challenge. And that, I think, is sort of a narrower definition of what hegemony is. That is not healthy for the U.S. It is not healthy for Europe. And it is not healthy for NATO.

Just very briefly, one comment on the capability issue. There are hundreds of ways of examining capabilities, readiness and statistics that aren't often the best, but as far as the spending more, spending better debate, granted, we need to spend more. But I think it is also dangerous to underestimate the advantage of spending better.

The French and British projection capabilities, for example, have substantially increased over the last 10 years. Our budgets haven't substantially increased. The United States, as you take this into a wider context with the economic framework which is necessary, the United States has known a booming economy over the last 10 years, has substantially decreased its defense budget.

The European Union member countries have either kept it stable or had it decrease in the time when the economic situation wasn't as good. So I think you need to look at this as the beginning of a military process and, as well, of a political process.

And just one point on the remark on the paranoid fantasies, which is maybe a bit too harsh a word. But the situation has changed compared to what it was 10 or 15 years ago. And this is one of the major points. This isn't about, as far as France is concerned, decoupling the Alliance. This is about getting Europeans to do more and to do it better.

One of the points that is often not mentioned is that France, in Operation Allied Force for example, was the second contributor to the air campaign. I don't very well see why or how a country that we would to undermine an alliance, why it should also contribute to one of its latest operations. So I think there are several points that you need to bear in mind on this debate in order to be able to follow it accurately.

And coming back to John Bolton's remarks on common foreign and security policies, this train has left the station, and it has left the station a while ago and we would like you to get on board.

Thank you.

MR. BOLTON: I think the threats have changed. That is precisely why we need more discussion about missile defense, which the Europeans reject for exactly the wrong reason. Their concern, or what they say their concern is, is that the United States may actually be able to develop a national missile defense, in which case we will retreat under the shield and leave the poor Europeans exposed; when in fact the logic is exactly the opposite.

To the extent that the United States feels less vulnerable to being blackmailed by rogue states -- and I still use that phrase even if the State Department doesn't -- rogue states and terrorist groups that might be able to deliver weapons of mass destruction by ballistic missiles, it would make us more likely to come Europe's assistance.

In fact, I don't know of any serious advocate of national missile defense in this country who doesn't assume, absolutely automatically, that if we are able to develop the technology, it would be used not only to defend the United States, but it would be used to defend our NATO allies and our close allies and friends in the Far East, as well. This is something for all of us, and yet this is something that the Europeans are pulling away on.

As far as the capabilities question is concerned, there is no doubt that Britain and France are the two NATO

allies that have capabilities that approach those of the United States, thus allowing you to intervene more effectively in your former colonies. How that necessarily assists us in the broader NATO enterprise remains to be seen.

And we are not going to prove anything by numbers here, but I don't know of any serious military student who doesn't believe the technological military gap between the United States and all of the Western allies is increasing.

MR. CARPENTER: John, if you continue with that line of argument about national missile defense, you are going to turn me against NMD.

(Laughter.)

MR. CARPENTER: John Hulsman.

DR. HULSMAN: A couple of things. I will now solve the statistical versus spend-more versus spend-better argument.

Do both. I have just solved the argument. Don't hide behind the economies-of-scale argument. While it is incredibly important, the answer is both. I don't think anyone disagrees with that who studies this. It will lead to economies of scale -- I think that is a great thing -- and more needs to be spent.

As you rightly pointed out and John said, France and Britain are leading the way here. And without naming names,

that's great. More needs to be done across the continent.

Great.

On national missile defense, which is a huge, I think, difference -- and, again, one has to start with the Clinton people -- they have done a terrible job of explaining this to anybody, because they don't really care about doing it. And I do follow that logic: They have not explained it to the allies.

And part of what we ought to do is talk to one another. I think they haven't explained it because, like on welfare reform, this is a train that is going hit them, so they hop on. That doesn't mean they are in favor of it or want it to happen or want anything. I think a clue to that is that they haven't bothered explaining it to the allies.

I would explain it this way: When the United States had a nuclear monopoly, nobody said this is going to decouple any kind of agreements between the United States and Europe. In fact, that period of time, after the war, the kind of Lisbon Summit in the early fifties, was one of the most creative times of American diplomacy, when in fact links were made and strengthened on the basis of a confident America that knew that it could protect itself.

Then the Marshall Plan comes, then NATO comes, then things come because the United States is confident. So again, I think that is counter-intuitive and very important.

As to paranoid fantasies, I just read the same newspapers you do. I am very tired of hearing from Europeans: Oh, we didn't really mean it. My boss didn't really mean it. Miterrand didn't really speak about being at war with America. Schroeder didn't really say "We've got to stop whining about American dominance. It's time to act."

People tend to mean what they say and say what they mean, despite all our attempts to over-analyze this.

What I think there is, is a division of opinion. What I think there is, is that this is not certain. But to tell me that nobody in Europe has an anti-American impulse regarding these things is factually incorrect.

MR. CARPENTER: At this point we have to bring the proceedings to a close. I want to thank you for your attention, for your excellent questions.

We have a reception afterwards. Please join me in thanking our speakers.

(Applause.)

(Whereupon, the Cato Institute Policy Forum was concluded.)