"COLLOQUIUM ON EUROPEAN-AMERICAN RELATIONS"
Tufts University European Center, Talloires, 6-10/IX/1987

(1) programma e lista dei partecipanti
(2) Cooper, Richard: "Does the international financial system need reform?"
(3) Daalder, Hans: "Perspectives on domestic developments in European politics"
(4) Schneider, William: "The political legacy of the Reagan years"
(5) Pinto, Diana: "Social cultural trends versus culture?"
(6) Treverton, Gregory F.: "Whatever happened to NATO's out-of-area problem?"
(7) Gnesotto, Nicole: "East-West security issues"

COLLOQUIUM ON EUROPEAN-AMERICAN RELATIONS
SEPTEMBER 6-10, 1987

FINAL AGENDA

ALL SESSIONS HELD AT THE PRIORY UNLESS OTHERWISE INDICATED

Sunday Sept. 6		ARRIVAL AND HOTEL CHECK-IN
	7:00 pm	COCKTAILS - OPENING DINNER Held at L'Abbaye Hotel Host: Professor Joseph Nye Keynote Speaker: Ambassador Richard Burt
Monday Sept. 7		(Breakfast - at your assigned hotel)
	9:00 am	SESSION 1: East-West Security Issues Chairman: Joseph Nye Presenter: Nicole Gnesotto Discussants: Richard Burt Terje Osmundsen
	10:45 am	Coffee Break (15 minutes)
	12:15 pm	End of Session 1
		(Lunch - L'Abbaye Hotel)
	4:00 pm	SESSION 2: Macro-Economic/International Financial Developments Chairman: Pierre Keller Presenter: Richard Cooper Discussants: Thomas Kuhnke Michael Samuels
	5:15 am	Coffee Break (15 minutes)
	6:30 pm	End of Session 2
	7:30 pm	DINNER SEMINAR: East Asian Dimensions of US-European Issues Presenter: Susan Pharr Held at Le Cottage Hotel

Agenda for Colloquium on European-American Relations (continued)

Tuesday Sept. 8		(Breakfast - at your assigned hotel)
	9:30 am	SESSION 3: Internal Political Developments Chairman: Robert Putnam Presenters: Hans Daalder (Eur) William Schneider (US) Discussants: Gianni Bonvicini H.D.S. Greenway
	10:45 am	Coffee Break (15 minutes)
	12:15 pm	End of Session 3
		(Lunch - Le Cottage Hotel)
		FREE AFTERNOON AND EVENING
		(Dinner - Le Cottage Hotel)
Wednesday Sept. 9		(Breakfast - at your assigned hotel)
	9:30 am	SESSION 4: Social-Cultural Developments Chairman: Thomas Axworthy Presenter: Diana Pinto Discussants: Jonathan Carr John Wallach
	10:45 am	Coffee break (15 minutes)
	12:15 pm	End of Session 5
		(Lunch - L'Abbaye Hotel)
	4:00 pm	SESSION 5: Out-of-Alliance Area Issues Chairman: Samuel Huntington Presenter: Gregory Treverton Discussants: William Wallace Jim Hoagland
	5:15 pm	Coffee Break (15 minutes)
	6:30 pm	End of Session 4
	7:30 pm	Dinner - Summary Session Chairman: Richard Cooper Presenter: Kenneth Juster Held at L'Abbaye Hotel
		END OF COLLOQUIUM

COLLOQUIUM ON EUROPEAN-AMERICAN RELATIONS
SEPTEMBER 6-10, 1987
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(2)

April 1987

Does the International Financial System Need Reform?

by

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I. Introduction

I propose to address only the international monetary system, by which I mean the formal rules and the conventional practices which govern payments across national boundaries. Other speakers are more qualified than I to address other aspects of international financial system, such as international lending or security transactions. There are formal agreements which stipulate what governments must do and what they should not do with respect to international payments. They must declare to others their formal exchange rate arrangements. They are under general injunction not to manipulate exchange rates at the expense of other nations. They are enjoined to maintain convertible currencies. And in principle they have agreed to move a new kind of international money, special drawing rights (SDRs), to the center of the international monetary system.

In practice the major countries of the world -- The United States, Britain, Canada, Japan -- allow their currencies to float against one another. The continental European currencies have been formed into the European Monetary System, a complicated arrangement whereby each of them is bound to

one another through the European Currency Unit (ECU) and the ECU then floats against the other major currencies. Many other countries, in total about 170 of them, have chosen to peg their currencies either to one of the major currencies or to some basket of them. About two dozen of the 170 are flexible, but most currencies are pegged. The core of the international monetary system is made up of the European currencies, the North American currencies and the Japanese Yen. The core of the monetary system involves floating exchange rates.

While several European countries still maintain some exchange controls, capital transactions on the whole among the major currencies are convertible. The SDR has not been moved to the center of the international monetary system. In practice the US dollar remains the key international currency, not only for private transactions but also for such official transactions that take place, mainly in the form of intervention in foreign exchange markets in order to influence the movement of an exchange rate in one direction or another. We have a floating exchange rate system, but it is certainly not a freely floating system; there is considerable management of exchange rates.

II. Recent Experience with the System

In his 1986 State of the Union address President Reagan called for reform of the international monetary system, or beginning a process which might lead to reform. There is no doubt that the international economy has seen some peculiar and discomforting developments, especially with respect to US trade.

The dollar, the leading international currency, rose by over 40 percent in the period 1980 to 1985 relative to a US trade weighted average of other leading currencies, and then after March 1985 it plummeted sharply, returning by spring 1987 almost to the level of 1980. The US current account, which

includes services as well as merchandise trade -- we should not fall into a physiocratic fallacy of looking only at tangible goods, because services are increasingly important to international exchange -- moved from a surplus in 1980 to a deficit of about $35 million in 1983 to extraordinary deficits in excess of $100 billion in 1984-1987.

The United States has to borrow from the rest of the world to cover this deficit. In each of the last three years the United States we borrowed in a single year amounts that exceed the total of Brazil's outstanding external debt.

In the early 1980s many countries borrowed heavily abroad, especially less developed countries. Then in late 1982 foreign funds suddenly became very scarce for many developing countries, precipitating a series of debt crises. We also had the deepest economic depression since the 1930s -- it is a euphemism to call it a recession. I reckon the world as a whole lost about one trillion dollars worth of output between late 1981 and 1985. There continues to be slack in economic activity, and unemployed has reached postwar highs in Europe and Japan.

So it certainly looks as though something is wrong with the international monetary system. We ought to be able to do better than we have done during the last five or six years. But that is a superficial impression, and we should stand back and ask what role exactly the formal rules and the conventional practices of international payments play in all of these developments. Did they contribute to the unsatisfactory economic performance? Or did they actually mitigate the turbulence, such that the situation would have been much worse if we had a different set of arrangements from the ones that we had?

My tentative answer to this question is that the turbulence arose elsewhere than in the international monetary system itself. It arose from two oil shocks, if one is willing to go back to 1973-74, followed by severe anti-inflationary policies by the leading countries. This took the form in Japan, Britain, and Germany, later joined by France, of severe fiscal contraction. In the United States it took the form of a severe contraction in monetary policy, starting in 1980 after the second oil shock. The severe monetary contraction in the United States was followed by an extraordinary fiscal expansion as a result of the three-phase tax cut of 1981 plus a sharp increase in defense expenditures that has occurred since 1981.

So an oil shock gave an inflationary impetus to the world -- or so it was feared -- and this induced contractionary policies. But those policies varied among the major countries, with fiscal contraction in Britain, Germany, Japan, and France, but monetary contraction in the United States, later accompanied by fiscal expansion. Thus we put a twist, a heavy torque on economic activity between the United Stated and other countries. The consequence of this torque, this differential response between the United States and others, was much higher interest rates in the United States than in other countries, due not to greater U.S. inflation but to different policies. The higher interest rates in turn attracted financial capital from around the world -- a lot of it from Japan, much of it from Europe, some from Latin America and other places. In a world of floating exchange rates, that in turn pushed up the dollar sharply, which in turn reduces American competitiveness and resulted in a very large trade deficit. This deficit in goods and services represented the real counterpart of the financial capital inflows the United States drew goods and services from the rest of the world. The increase in the dollar also put tremendous competitive pressure on the tradeable sector. In today's world it

is a mistake to focus just on the goods that are actually traded. They are linked through markets to goods and services produced at home. Automobiles imported from Europe and Japan compete directly with the sale of American automobiles, so we call automobile sector a tradeable sector.

The consequence of a strong dollar is to put severe pressure on all tradeables, farms as well as factories. The tradeable sector is about half of the US economy and these competitive pressures have led to a political reaction in the form of appeals to the US government for protection against the import competition. As widely reported in the newspapers, there are dozens of bills in Congress that in one way or another are designed to protect some sector of the US economy. So far only one of those bills -- the textile bill, which had shoes and some non-ferrous metals thrown in for good measure -- actually passed both houses of Congress. The president vetoed it in December 1985, and the House failed to over-ride in August 1986. But the leaderships of both Houses has urged that an omnibus trade bill be passed by this summer and we will be lucky indeed if that does not have a strongly protectionist cast to it.

III. Has the Monetary System caused the problems?

Could a different monetary regime have led to fewer disturbances than in fact we have had? That is to say, could a different set rules for the international monetary system have avoided some or all of the major disturbances?

I think that question cannot be answered in the abstract. The answer depends on the political commitment which countries have to the set of rules, and that in turn depends on the benefits that countries think will flow from

adhering to one particular set of rules as opposed to another. Surely, in any case, it is hard to imagine any set monetary rules which would have avoided the Iranian Revolution and the response that was brought on by that revolution. No set of rules is going to eliminate all disturbances. The question is, would it have reduced the disturbances?

We have an interesting recent example of the importance of political commitment to the rules in Europe. Domestic price increases in France during 1981 and 1982 were out of line with those in other major European countries. By 1983 it was clear France had to alter its economic policies or abandon the European Monetary System. It elected a radical change in policy to bring itself back into line with the other countries. Confronted with a choice between leaving the system and changing its policies, it changed its policies, thus demonstrating a strong political commitment to the EMS. There is an example where a particular set of monetary rules did influence national policy. But we cannot be confident that that would always happen. In 1971 the United States broke out of the gold convertibility feature of the Bretton Woods monetary system rather than be restrained by it.

The influence of any given set of rules on the disturbances that the system as whole is subjected to is an open question and has to be looked at both in terms of the technical merits of the set of rules and in terms of the degree of commitment which countries make to it. That of course is dependent on the political moods prevailing when it is put in place and afterwards and that in turn depends in part, but only in part, on the benefits that countries expect to derive from the rules.

IV. Key Weaknesses of the System

The current international monetary system has probably on balance mitigated rather than aggravated the pressures on the international economy. It is difficult to imagine a set of rules in place in 1980 or in 1975 which would have markedly improved economic performance, which was admittedly terrible. But at the same time, and perhaps paradoxically, I think that the present system is not sustainable. It is not durable and it will change over time. The question that we have to address then is what direction will it take and can we influence that direction?

Let me indicate two reasons why the present system is not sustainable. The first has to do with the fact that it gives rise to substantial changes in real exchange rates. Firms find themselves under occasional competitive pressures that arise largely from international capital flows. In particular, they do not arise from developments in the businesses in which the firms happen to be. Businessmen feel that they know their business well. They feel they know about technological developments; they feel they know the market. But what they cannot be expected to know is how the whole economy functions and how that in turns determines exchange rates.

Exchange rates are largely determined, we have learned in recent years, by factors in financial markets. Yet they have a strong influence on goods markets. I suspect that conjunction will become increasingly intolerable and that businessmen will feel that they need a more stable monetary environment in which to make their long run decisions with respect to production and investment, rather than an environment which from their point of view, whatever its deeper rationale, introduces a capricious but important element into their performance. A floating exchange rate is influenced by many

factors, including government policies and movements of financial capital. There will be constant pressure to introduce a more stable monetary environment. Bussinessmen will want insulation from exchange rate variability, which means from foreign competition. Protectionist pressures will continue and strengthen. A sharp drop in the dollar will lead them to recede somewhat. But the sharp drop in the dollar is a sharp increase in other currencies. I would expect to see protectionist measures becoming more severe in Japan and in Europe and for the same reason, i.e. exchange rate variability introduces a capricious element into business decision-making.

The second problem I see with the existing system has to do with the increasing international importance of the US dollar, a national currency, combined with the declining relative importance of the US economy. The United States now accounts for about a quarter of gross world product. On a plausible projection of growth rates, the United States will be about a sixth of the world economy 25 years from now -- a decline from a quarter to a sixth -- yet, the dollar, if anything, continues to become more important internationally as time goes on. This difference in trend creates tension. Robert Triffin called attention to a different kind of tension 25 years ago, between the role of gold and the role of the dollar. That tension indeed led to a definitive rupture in 1971, with President Nixon's indefinite suspension of gold convertibility. The tension now arises from the American assumption that the dollar is a national currency under national management governed by national considerations, while at the same the international use of the dollar continues to grow. Combined with a declining U.S. share in gross world product, that means that the Federal Reserve will have to pay increasing attention to international considerations in management of the dollar. Yet that will create a sense of frustration in the United States.

For both of these reasons, I believe that the present set arrangements is not sustainable in the long run. That is not to say that the system is at risk of imminent collapse or that it could not go for another five or ten years. But sooner later, sometime within the next decade or two, we will have a system very different form what it is today because of these two tensions.

Suggestion for Improvement of the System

Several avenues of reform have been proposed with varying degrees of seriousness. At the extremes sit a proposal to return to a variant of the gold standard, on the one hand, and an argument for complete laissez-faire among national monetary authorities. Sophisticated arguments have been advanced for each of these positions, but I believe neither course of action is desirable, and the first is not feasible.

Other proposals range from instituting a formal system target zones for exchange rates (Bergsten/Williamson) through close international coordination of monetary policies by the United States, Japan, and the Federal Republic of Germany, with the explicit objective of stabilizing the key exchange rates (McKinnon), to the need for close coordination of monetary and fiscal policies among major countries, with the aim of achieving desirable shared objectives of economic growth with low inflation. These various proposals are not so far apart as they sound; rather, they approach similar ultimate objectives through different channels.

The official Group of Ten view is that it is necessary to get national economic policies right, and there is no need to tamper with the international monetary system as such. But what does it mean to get national policies right? Governments do not knowingly adopt wrong policies. Recall the United

States and France in 1981. Both governments adopted policies that they thought were correct, but which turned out later to have been wrong, although even in retrospect sitting governments are reluctant to admit their errors.

My main point is that there is often dispute over what the right policies are. We need an international monetary system that can accomodate some errors, but that assures that national policies, whether right or wrong, do not clash so sharply that they result in major disturbances to the world economy. One way to approach that objective is through an exchange rate commitment. I believe that the hard versions of the Williamson and McKinnon proposals are unworkable, and that the soft versions are not very different from one another. Both require some harmonization of national policies, especially monetary policies, in order to help stabilize exchange rates.

One bold way to deal with the problem of arbitrary and apparently capricious movements in real exchange rate is to eliminate exchange rates by going to one currency. I do not mean one world currency, but rather one currency in the core of the system -- among the industrial democracies of North America, Europe, and Japan. That in turn means a single, unified monetary policy. That is a much bigger political commitment than governments are willing even to contemplate today, much less to make. So this solution is some distance in the future. For the present we have to try to manage the system we have much better than we have, and that means we must pay more attention to international considerations in framing national economic monetary and fiscal policies. But for the reasons I have suggested, we should begin to think seriously about where we really want the international monetary system to go, because it is going to move someplace else whether we like it or not.

(3)

SECOND COLLOQUIUM ON EUROPEAN - AMERICAN RELATIONS
(held at the European Conference Center of Tufts University, Talloires, 6-10 September 1987)

PERSPECTIVES ON DOMESTIC DEVELOPMENTS IN EUROPEAN POLITICS

A DISCUSSION PAPER

by

Hans Daalder

(University of Leiden)

I.

The notion of Europe

In 1950 a group of "potential young leaders" from different European countries were invited for a lengthy seminar on Problems of Western European Union, organized by the University of Cambridge. The seminar was the last venture of the so-called German Re-Education Programme. The designation of the participants in this seminar was typical for those days. Invited were: 25 young Germans, 25 university students from Padua, Lyons, Amsterdam and Oslo who were collectively termed "West-Europeans", and 10 Cambridge Undergraduates. Europe - even when adorned with the prefix: Western - had at that time shrunk considerably indeed!

Yet, even today Europe is hardly the same "universe" to everyone. Much of post-1945 European history could in fact be discussed in terms of conflicting, and changing, perspectives on what Europe "actually" is, or ought to be. At the time of the Dunkirk and Brussels Pacts (1947 and 1948) its participants could still regard a few countries as the core of Western Europe: Britain, France, and the Benelux countries - such pacts themselves ostensibly being directed partly against any future dangers from Germany. Of course, even in those days many thought in terms of a much larger universe at the same time. But the advocates of a new European Union then produced two rather different "Europes": on the one hand the wide-ranging, but loose grouping of the Council of Europe, and on the other the much narrower but closer association of countries which came to form the different European Communities. The latter remained for long a "Europe" of the Six only, facing in EFTA an ad hoc grouping of countries not yet willing to join supranational ventures. In the late 1940s and early 1950s other groupings had, of course, also come about. The 1947 Marshall Plan (formally offered also to countries in Eastern Europe) led to new forms of European-American cooperation, as did NATO (1949). But the European membership of what became respectively OECD and NATO, did not coincide either.

A reasoning in terms of the membership of certain international organizations, does not differentiate between

countries which remained neutral and countries which joined NATO. Nor has the rather special position in which a divided Germany (not to speak of Berlin!) found itself after 1945 been given due attention. We tend to regard the Iron Curtain as effectively the borderline between "our" Europe, and a zone of Russian influence, which might historically or geographically belong to Europe but hardly does so effectively, for all the organizations such as the Economic Commission for Europe of the United Nations, and a number of Vienna-based organizations, which seek to foster cooperation between Eastern and Western Europe. Yet this division, too, does insufficient justice to the rather special position of certain countries such as Finland and Austria, or Yugoslavia for that matter. And it does not take duly into account that Turkey, or Greece, or Spain and Portugal are located on the European map rather differently from many countries in Western Europe.

In fact, those who speak confidently about Europe unmistakably argue often in terms of what to them is a European core, consisting of Britain, France and the Federal German Republic - with Italy and possibly the Benelux countries also qualifying, whether by size (Italy) or continental location (the Benelux countries). But in so doing, the Scandinavian countries, the countries at the Iberian Peninsula, and Greece and Turkey are inevitably being reduced to countries of only peripheral importance. Little justice is done to their intrinsic importance, or rather special features. At the same time, a

Europe of the larger core countries is "made" to look similar, although even a minimum thought should make clear that very considerable differences exist also between such decisive actors as France, Britain or Germany.

Surely then, a review of domestic developments in Europe should think of diversities, even when time, space, and the convenience of political discussion, tend to reify Europe into a presumed "whole", or make it at a minimum into one common denominator!

II.

European diversities

Any realistic "macro-political map of Europe"[1] should start from the fact that countries in Europe differ greatly in the manner of their initial state-building. Whereas some countries (notably France, Britain, Denmark, Sweden, Spain and Portugal) developed under dynastic rule by strong political centers equipped with effective judicial, administrative and/or military power, others (notably Germany and Italy) resulted from rather late (though enforced) unification. Some countries (i.e. Switzerland and the Netherlands) grew together through consociational union, whereas others were born rather as secessionist states acquiring effective political independence

in the 19th or 20th centuries only (e.g. Norway, Belgium, Finland, Ireland, Iceland). Such different histories of state-building have had lasting effects: in different conceptions of statehood, in the presence and place of bureaucracies, in the degree to which pluralist groupings were regarded as potentially conflicting or fully complementary with state or popular sovereignty, in the presence or absence of mass movements questioning the legitimacy of the ensuing state and its boundaries, in the stability and evolutionary nature of responsible government and democracy, and so on.

The latter issue does indeed make for a second distinguishing feature. Whereas some European countries never saw a domestic reversal to autocratic rule, others did (with more or less lasting traumas as in Germany, or Spain, or Greece, and - to a lesser extent? - in Finland or Italy or Portugal).

A third, obvious distinguishing feature is size. Of course, size is a flexible concept, differently defined in the light of geography, number of population, or economic strength, and being in any case a relative term according to whether comparison is sought with smaller or larger countries than one's own. It is generally (and often easily) suggested that larger states carry a special responsibility in international politics, and that a contrario small size has rather special consequences in the domestic politics of smaller countries. Thus, the latter are thought to be able to work rather special political institutions of government (such as heterogeneous

coalitions or extreme proportional representation), and to show pluralist or corporatist traditions particularly suitable for dependent, open economies[2] - in a manner that states called upon to take on special responsibilities on the international scene cannot afford to have.

History has also led to rather different political salience of possible political cleavages in different European countries. One short survey is given in table I, taken from an inventory of 21 democracies in Europe and elsewhere by Arend Lijphart.

Table I

Issue Dimensions in European and some other countries

	Socio-economic	*Religious*	*Cultural-ethnic*	*Urban-rural*	*Regime support*	*Foreign policy*	*Post-materialist*	*Number of dimensions*
Australia	H	M		H				2.5
Austria	H	H						2.0
Belgium	H	H	H					3.0
Canada	M		H					1.5
Denmark	H			H		M		2.5
Finland	H		H	H	M			3.5
France IV	H	H		M	H	H		4.5
France V	H	H			M	H		3.5
Germany	H	H						2.0
Iceland	H			H		H		3.0
Ireland	M					M		1.0
Israel	H	H				H		3.0
Italy	H	H			M	M		3.0
Japan	H	M			M	H		3.0
Luxembourg	H	H						2.0
Netherlands	H	H					H	3.0
New Zealand	H							1.0
Norway	H	H		H			M	3.5
Sweden	H			H			M	2.5
Switzerland	H	H	M	M				3.0
United Kingdom	H					M		1.5
United States	M		M					1.0
Total	20.5	12.0	4.0	7.0	3.0	7.0	2.0	55.5

Note: H indicates a dimension of high salience; M means a medium-salience dimension.

Source: A. Lijphart, Democracies: Patterns of Majoritarian and Consensus Government in Twenty-One Countries. New Haven: Yale University Press, 1984, p. 130

European countries differ considerably in the extent to which religion has been a major divisive force in domestic politics - with some countries knowing a strong clerical-anticlerical divide, and others being torn internally by denominational conflict. Certain countries know strong ethnic divisions, which create internal turmoil or even violence, as in Spain, Belgium, Northern Ireland, Cyprus, or Corsica, but are relevant in a less conflictual manner also in countries such as Britain and Italy.

All European countries know divisions according to class, but they differ greatly in the sharpness of class divisions, and the extent to which class preempts other possible political alignments. Thus, a number of European countries know parties arraigned against one another almost exclusively along a left-right division, which traditionally coincided largely with differences along class lines. But in other countries, religious, and generally to a lesser extent nationalist or ethnic divisions, historically came to outweigh class distinctions - with considerable effects on the relative strength of socialist parties as well as on the importance of a non-clerical or anti-clerical right.

The manner in which cleavages coincided or conflicted was one factor in the extent of fragmentation of party systems, and hence in the number of effective political parties and the ensuing need for coalitions by two or more parties in government. But other factors have also contributed to the

actual degree of fragmentation, including the particular threshold which electoral systems pose to new entrants or not, and the extent to which one particular subculture was represented by one or more political parties. Thus, European countries can easily be distinguished by whether they have a strong communist party (plus possibly smaller left-socialist parties) next to a social-democratic party or not, as they can be characterized by the share one, or more, religious parties take of the national vote, and the presence or not of one major conservative party or a divided right.[3]

Finally, another important distinguishing feature is the manner in which different countries have handled economic development - both historically and at present. This is the subject of a flourishing new literature in political science, usually entitled "political economy" - a short-hand term for a welter of new approaches which attempt to marry a profound concern with actual policy-making with larger developmental studies of state-building, socio-economic development and characteristics of the welfare state. On the whole, the major emphasis of "political economy" studies has been on particular fields of policy, in particular countries, at particular time-periods. But comparative and developmental dimensions are gaining ground, not least because such studies show that substantial differences do exist between countries in development, structures and policy responses.

III.

Common themes and challenges

This being a paper for general discussion of internal political problems rather than an elementary exercise in comparative European politics, we shall now proceed on the assumption that there are indeed common "European" developments which can be discussed in abstracto, whatever the relevance of particular features of particular countries. One should always remember, however, that such special features may be substantially more relevant to inhabitants of the country concerned than some general themes now being broached, and that they may well affect the manner in which common problems are posed or treated. This means notably that the following themes may be more relevant to the more prosperous countries in Northern and Western Europe than in the re-emerging democracies along the Mediterranean.

The general themes offered for discussion are presented roughly in the order in which they have formed the object of discussion in political and social analysis in postwar Europe. Yet, they are not mutually exclusive, nor do they necessarily succeed on another in time.

An End to Ideology?[4]

A generation which lived through an unprecedented depression, the rise of totalitarian ideologies of communism, fascism and national-socialism, two world wars, and the demise of colonialism, came to regard politics in a rather special manner. Those forming a part of it came to marry a strong commitment to the values of democracy to an equally strong allergy against strong ideologies. Living in the late 1940s and 1950s in a climate of reconstruction and the threats of a cold war, differences of opinion which existed within newly appreciated democratic societies were easily discounted. Traditional ideologies such as liberalism, socialism or the claims of religious groups could be interpreted as representing mainly specific historical aspirations of once-excluded groups seeking to become full citizens. Once claims of class or religion came to be recognized in principle, ideology appeared to have lost much of its function and fervor. Were not once stark class alignments becoming increasingly blurred, and did not religion lose much of its exclusive claims in a world of increasing tolerance and secularization? A general belief in the merits of "pluralism" came to replace a view of the world as being characterized above all by ideological conflict. Rather than a democratic world torn by conflicts of Weltanschauung, politics came to be seen as consisting above all of routine bargaining between competing interests.

Of course, The End of Ideology came to be decried as

representing itself an ideology, and the proposition appeared to be proved wrong by a renewed resurgence of ideology. Since the 1960s at least three different kinds of ideology acquired a new salience: firstly, ideologies generally identified as falling under the label of "post-materialism"[5] or "the new politics"[6], characterized by an insistence on libertine individualism, a growing concern with the environment, new peace demands and an unmistakable Tiersmondisme; secondly, new brands of fundamentalism in the world of religion, but also in ethnic and regional consciousness; and thirdly, the waxing strength of anti-statist sentiment, variously labelled neo-liberalism or neo-conservatism. Furthermore, if on the one hand the older working-class appeared to evaporate in the an increasingly differentiated class structure of a society which was becoming more and more "middle class" (however poorly defined), a new concern arose about a growing cleavage between the active working population and the increasing number of long-term unemployed - giving rise to speculation on the possible birth of a new "underclass".

A decline of party?

Views about the decline of ideology were easily combined with an increased scepticism about the role of political parties. In a famous essay, the one-time left-socialist Otto Kirchheimer analysed what he termed the rise of "catch-all parties".[7] He singled out the following trends in European

parties: "a drastic reduction of the party's ideological baggage", "a strengthening of top leadership groups" notably including professional staffs and public relation experts, a "downgrading [of] the role of the individual party member", "de-emphasis of the specific social class or denominational clientele, in favor of recruiting voters among the population at large", and a growing role of interest groups within party.

The Kirchheimer diagnosis marries an "American" perspective on the entrepreneurial character of party strategies and electioneering, with a strong consciousness of the loosening of bonds of traditional subcultures which had been such a prominent feature of politics and society in many European countries. In his view, the catch-all party tends to substitute presentation for political substance, plebiscite for political dialogue. To the extent this development is caused by the conscious decision of party leaders seeking a mandate, irrespective of programme or policy, the withering of party is to some extent self-induced. Kirchheimer could therefore both diagnose the trend, but also regret it.

The view that party is declining in importance as a political actor can be buttressed also by insisting on the growing importance of other actors. The most important of these are: plebiscitary leaders; the growing role of sectoral organizational interests both within government and in society; the new mass media; and the plethora of more visible, so-called

"action groups". The growing plebiscitary role of prominent individuals, who may represent but also may largely supplant organized political parties, fits in well with Kirchheimer's catch-all proposition. The increasing role of organized interests within and besides government is easily substantiated by the much enhanced number and role of bureaucratic agencies and corporate interests in an increasingly sectorial political society (we will return to this point shortly when we discuss the so-called "neo-corporatist" approach). And as for media and action groups: they reinforce one another in a curious world of "incidental politics": the fleeting nature of media attention nurtures ad hoc political tactics by special interests, and both contribute to an increasing fragmentation of the political agenda.

Does this mean an end to party? This view is exaggerated. Parties continue to control political recruitment to the major authoritative leadership positions. In many countries parties have become increasingly important even in the selection of bureaucratic personnel and the manning of what the Italians have so happily called the sottogoverno of parastatal agencies and enterprises. More careful study of the presumed waning of parties does not find that all parties, and party systems, are showing a secular decline, whether in membership, resources, or presence in the centers of government. One should in fact differentiate between different European countries, and different political parties, rather than offer a blanket

indictment of the alleged loss of meaning of party in European politics.[8]

A reality of neo-corporatism?

Since the mid-1970s, the term "neo-corporatism" has blossomed to characterize European political development.[9] Writing on neo-corporatism has become indeed something of a growth industry. It pushes a vision of bargaining groups (held to be the essence of politics in the view of "pluralists") rather further, by emphasizing the increased importance of sectoral interest organization both within government and within society, tied together in an exclusive, monopolistic embrace. There are strong macro-political overtones in this analysis, which serves disappointed Marxists with a "realistic" explanation of the persisting vitality of capitalism, as it serves naive democrats with an explanation why the world remains so elitist and so depraved when it should be more ideal and idealist.

Of course, analyses in terms of group politics and an increased importance of corporate actors do show a strong "realism". They account for the enhanced importance of organization in all walks of life: what one has termed the Verstaatlichung der Gesellschaft (politicization of society) as well as the Vergesellschaftigung des Staates (socialization of the polity). Yet, the analysis appears to be too "neat".

Empirical studies of policy-making do document both the transactional and sectoral nature of modern decision-making, but they also point to very considerable differences in the degree of "corporatism", in different European countries, at different time-periods, and in different policy sectors.

The neo-corporatist analysis, in other words, threatens to confuse the forms and the substance of politics, and falls too easily into the trap of believing that organization is a self-reinforcing process. Of course, the neo-corporatist analysis is highly suggestive for an explanation of what one now terms the "fiscal crisis of the welfare state". Yet, the relative success with which neo-liberal politicians and doctrines have come to dominate modern politics, suggests also the very real limits of an analysis which tends to regard specific interests as the beginning-and-end of political decision-making.

The capacity of the state

There is little need to emphasize the immense expansion of the state (or perhaps more precisely: collective decision-making) in modern society. All indicators: whether the expansion of government agencies and the number of public employees, the share of public expenditures, the immense importance of transfer payments, the simultaneous growth of central and

local government authorities, the increased importance of functional state or parastatal agencies, as well as the intricate relationship between the state and both interests and individuals, all point in the same direction. Of course, there are again substantial differences in the size of the "public" sector in different European countries. But in all the trend has been massively upwards. The process has often been described in terms of the development of the welfare state. Yet, it is as well to remember the share of growing defense outlays and expenditures on behalf of business which are channelled both through both domestic and international agencies (e.g., NATO, the European Communities, and direct as well as multilateral aid to developing areas). In fact, the latter policy sectors enjoy a substantial immunity in a time of financial retrenchment in many countries - the present depression causing most governments irrespective of party to look rather favorably on state aid to private industry.

The massive expansion of the state has given rise to immense problems of coordination and priorities. Since more than a decade one speaks of "overloaded government" - a term which initially referred mainly to the growing burden on top-level decision-makers, but which has increasingly been generalized in a questioning of the extent to which government can be effective also at lower levels. Undoubtedly, the climate has changed from the days when government was thought to be the overall guardian of individual well-being, and

government services and subsidies were readily regarded as natural instruments by government and governed alike.

Yet, there are some false notes in present-day rhetoric about the need to "unburden" the state, and to recreate a "free" and "responsible" society. For one thing, particular economies are not an objective "necessity", but inevitably a selective choice against some, and in favor of other, government exertions. In abolishing specialized government services and institutions (such as particular advisory agencies) governments do not return to a manner of decision-making as a pristine, objective exercise. Inequalities may indeed increase, both through the lack of defense of weaker social groups in society at large, and through continued privileged access of some groups to the state: if no longer in the Chamber, than in the antichambres.

The problems of "law".

Modern government spews laws and regulations - and paradoxically continues to do so even when prominent politicians speak of the drive for deregulation. There would seem to be at least four factors accounting for this. Firstly, the intricate intertwining of government and society causes an immense diversification of rule-making. Secondly, increased government intervention goes together with a desire to ensure new means of redress: there is a massive increase in litigation,

both in the ordinary courts and in diverse branches of administrative law, in which the state is a party. Thirdly, both the mass and the complexity of government business make it increasingly less likely that all, or even most, laws will be effectively enforced, which does not prevent governments from seeking to close "loopholes" in existing regulations. Finally, there would seem to be a rather considerable increase in the flaunting of laws, not to speak of outright forms of criminal behavior. Neither police, nor prosecutors, courts or prison facilities are fully able to cope with such developments. Law enforcement becomes therefore less comprehensive. This may lead, in turn, to a call for new legislation - which in many cases, however, will prove equally ineffective.

Both the increase in petty crime, and the growing indifference to laws not likely to be enforced, create real problems of legitimacy. There is, in European societies, a massive increase in individualism, and a greater insistence on private claims and rights. Much of this is welcome as it represents a real increase in private liberties. On the other hand, there is probably less self-regulation in society as earlier group norms are increasingly being questioned. To some degree, the very assumption that it is up to the lawmakers and law enforcers to put the social house in order contributes to a widespread sense about the ineffectiveness of the legal system. Is there a limit to which this dissolution of social control can go, before politics get into a real crisis?

IV.

What scope for authoritarianism?

What possible dangers are there of a turn - or in some countries: a return - to authoritarianism? One could list some potentially dangerous portents:

1. There is little doubt about the massive turmoil in the social status system of European societies. Ever since World War II certain traditional strata have been hard hit, such as smaller farmers, traditional artisans and shopkeepers. Most of these groups could be absorbed in industry and the modern service sector as long a massive economic growth prevailed elsewhere in society. More recently, however, employment opportunities have relatively declined as a result of the twin forces of economic depression and economic rationalization. It had seemed for a long time, that modern employees in both government and the private sector were largely immune from such dangers. But the effect of increasing automation in services as well as industry, and the turning away from an increasing reliance on a growing state sector, now represent substantial threats to groups of the population not really used to the hazards of the market economy. Of course, in most countries social security provisions continue to serve as a cushion to soften the effects of such developments. But these very provisions were not originally intended for such massive

numbers as are now entitled to them. For that very reason many one-time "secure" rights are now increasingly questioned and whittled away - resulting in a telling decrease in security for substantial groups in society.

2. We have earlier mentioned possible trends towards the development of an "underclass", living on minimum payments and becoming increasingly less able to retain their links with, let alone to reintegrate in, society at large. Many of the actual or potential members of such an "underclass" seem hardly likely to make a fist. Indeed, the very notion of an "underclass" - which is not really a suitable term given the diversity and lack of cohesion among those thought to belong to it - suggests that its members are not very likely to mobilize effectively against the rather larger number of those better-provided in society. A large concentration of new ethnic minorities, the presence of many single women, a growing number of persons of middle or old age, all living at or below the poverty line, make it almost a foregone conclusion that such groups will remain amongst the less-participant and relatively ineffective strata of modern society. This is particularly so, as the very dynamism of modern society requires ever higher levels of education and flexible adjustment, rather than an environment producing an ever-shrinking horizon.

3. Is there, then, a possible trend towards what William Kornhauser called "mass society",[10] in which the weakening of

intermediate groups might make for direct accessibility between plebiscitary leaders on the one hand, and available masses on the other hand? Studies of political participation do not document a strong decline in associational life.[11] Paradoxically, those who do not partake in different forms of associational life, are partly for that reason also the most passive. Among those effectively or potentially active, on the other hand, no real anomie would seem to exist.

4. Should one then rather fear for authoritarian developments from the top down? In recent years, a tendency for political leaders to adopt a somewhat high-handed posture would seem to have increased somewhat in European countries. This is partly a reaction against the more populist stance adopted by many political leaders in the 1960s climate of radical "democratization": political leaders now claim a self-confident mandate that they might verbally have disavowed ten or twenty years ago. The increased plebiscitary nature of media and electoral politics has possibly strengthened this stance. Claims are asserted on behalf of "management", of "business-like leadership", of "effective governance", as a natural response to a situation of economic depression. Paradoxically, the results of such "management" postures are used to some extent for a policy of divesting the state of responsibilities in the as yet untested assumption that a "thinner" state will perform more effectively in tasks that really matter. A certain high-handedness, a tendency to stretch the "mandate"

of office, is in many countries unmistakable. And potentially it is a "winning" posture at that, if one is to judge by certain recent electoral returns.

However, it is a far cry from these tendencies, to truly authoritarian developments. If one compares developments in contemporary Europe with those of the 1930s, one is struck by the virtual absence of large-scale anti-democratic movements. Of course, in a world of substantial terrorism, from both the extreme left and the extreme right, and from nationalists of whatever description, such as the Rote Armee Fraktion in Germany, the Brigate Rosse as well as fascist groupings in Italy, Basque and Corsican nationalists, not to speak of Protestant and IRA militants in Northern Ireland, one should not speak lightly of the dangers from terrorist minorities.

Yet, there are few signs of an increase in antidemocratic mass movements (unless one were to regard M. Le Pen and his henchmen as the harbinger of sizable racist movements). One might wonder why. Does the modern welfare state, after all, provide that minimum defense of private life, which keeps large numbers from seeking salvation from Erzatz ideologies? Is society perhaps too much individualized, privatized and fragmented, to provide a ready basis for mass protest? Are countervailing agencies at the elite level, including those in government or official opposition, in unions or the media, then so clearly dominant and democratic that an anti-democratic challenge is not easily mounted? Or should one rather think

in terms of the (temporary?) absence of rival national threats within present-day Europe, as existing states and societies, however imperfect, live relatively comfortably and peacefully with one another?

The latter view would, of course, be questioned by minorities in some countries, and larger groups in others (as in Greece, or parts of Spain, or again: Northern Ireland). Yet, this does not gainsay the rather remarkable fact that in most European countries, even in the depression of the 1980s, right-wing militant groups remain very small indeed, conservative mass parties of a secular or Christian-Democrat background do not espouse patently reactionary policies, communists have never had it so bad in most countries, and socialists - whether in or out of government - generally swarm near the center of the political spectrum in a desire to retain or regain the fruits of office, even when riven by the contestation of generally small, if militant minorities.

Notes:

1. Both the term, and the most fascinating attempt at drawing such a map, is by late Norwegian social scientist Stein Rokkan. For one convenient sample of what was in fact a long and diversified search, see Stein Rokkan, "Dimensions of State Formation and Nation-Building: A Possibly Paradigm for Research on Variations within Europe:, in: Charles Tilly ed., The Formation of National States in Western Europe. Princeton: Princeton University Press, 1975, pp. 562-600.

2. See P.J. Katzenstein, Small States in World Markets: Industrial Policy in Europe. Ithaca: Cornell University Press, 1985.

3. For a number of relevant essays, see H. Daalder and P. Mair eds., Western European Party Systems: Continuity & Change. London: Sage, 1983, notably the important chapter by Stefano Bartolini on "The European Left Since World War I: Size, Composition and Patterns of Electoral Development", pp. 139-176.

4. The End of Ideology has been formulated in the 1950s by leading thinkers, such as Edward Shils, Raymond Aron, Daniel Bell, and S.M. Lipset. A handy reader is C.I. Waxman ed., The End of Ideology Debate. New York: Funk & Wagnalls, 1969.

5. This view has been argued with particular insistence by Ronald Inglehart, see his The Silent Revolution: Changing Values and Political Styles among Western Publics. Princeton: Princeton University Press, 1977.

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6. E.g., Warren E. Miller and Teresa E. Levitin, Leadership and Change: The New Politics and the American Electorate. Cambridge Mass.: Winthrop, 1976.

7. Otto Kirchheimer, "The Transformation of Western European Party Systems," in: J. LaPalombara and M. Weiner eds., Political Parties and Political Development. Princeton: Princeton University Press, 1966, pp. 177-200.

8. For a number of detailed studies by different experts, see Daalder and Mair (1983), passim.

9. The term was launched by Philippe Schmitter in 1974 in an essay also reprinted in: Philippe Schmitter and Gerhard Lehmbruch eds., Trends Towards Corporatist Intermediation. London: Sage, 1979.

10. William Kornhauser, The Politics of Mass Society. Glencoe: Free Press, 1959.

11. For comparative data, see for instance Sidney Verba. Norman H. Nie and Jae-on-Kim, Political Participation and Political Equality: A Seven-Nation Comparison. New York: Cambridge University Press, 1978.

4

The Political Legacy of the Reagan Years

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What difference has Ronald Reagan made in American politics? Not much, according to the polls. Public opinion hasn't shifted to the right. If anything, the voters have moved to the left since Reagan took office -- less support for military spending, more support for domestic social programs, increased concern about arms control, hunger and poverty. It has long been the conventional wisdom that the President's personal popularity does not translate into public support for his policies. But it does translate into something.

''There has been a profound change in the agenda,'' said Sen. Daniel Patrick Moynihan. ''The Stockman strategy of disabling the finances of the federal government worked. It worked disastrously,'' the New York Democrat hastened to add, ''but it worked.''

Moynihan reached into his desk. ''I have a wonderful document here from Sen. [Daniel J.] Evans of Washington. He has a bill he calls 'the Federalism Act of 1986 -- FACT.' It would expand the coverage of Medicaid and work training programs to poor pregnant women and to poor children whether they're on welfare or not.

''It's the kind of thing we should have done twenty years ago,'' the Senator added. ''It's incremental, sensible and sane. First you establish Medicaid for indigent, dependent families on welfare. Then you come along and say, 'What about families that are poor but not on welfare? Can't we give a pregnant mother Medicaid attention? Can't we give poor children Medicaid attention?'

''*But*,'' the Senator rejoined, finger in the air, ''Sen. Evans says we will have to pay for this by abolishing the Economic Development

Administration, the Appalachian Regional Commission, community services block grants, urban development action grants, community development block grants, mass transit operating assistance, mass transit research, waste water treatment grants, rural waste water disposal grants, federal impact aid, social services block grants, new low-income housing and vocational education.

''I know something about those programs,'' Moynihan continued. ''They aren't just the social agenda of the last twenty years. Vocational education was begun by the federal government in 1917. You would be abolishing the first entry of the United States government into education. But those are the terms. In order to go forward, you have to go back.''

The Long Run: Institutional Changes

Democrats and Republicans agree that Reagan has transformed the agenda. But in a peculiar way. We want to do the same things as before -- fight drug abuse, stabilize the economy, protect the poor and the elderly -- only with less government. The impact of the Reagan Revolution is more likely to be felt in the long run than in the short run. The President did not, after all, dismantle the New Deal welfare state. As Hugh Heclo has written, ''Much as F.D.R. and the New Deal had the effect of conserving capitalism, so Reaganism will eventually be seen to have helped conserve a predominately status-quo, middle-class welfare state.''

Fair enough, but in the same volume, Jack A. Meyer offered what he called ''a long-term perspective'' on the Reagan legacy. ''The Administration seems to highlight its *social philosophy* toward federal programs, an area where most of its accomplishments seem rather marginal. By contrast, it downplays and is defensive about its *fiscal policies* which, while incomplete, herald a major accomplishment for the Administration.'' That accomplishment was to ''pull the revenue plug'' on the federal government. First came the 1981 tax cut, then year after year of record budget deficits. Now and for the foreseeable future, everything the federal government does must accommodate to one central fact: there is less money.

''I suggest that the United States is entering a new phase of expenditure control policy,'' Meyer wrote, ''in which it is recognized that the safety net for the poor cannot be cut much further; that the social insurance and retirement functions must at least be on the table for discussion . . . ; and that there will not be too much room in the future for all other federal government social expenditures.'' That, in sum and substance, is the Reagan Revolution.

The country bought the Administration's economic program as a short-run response to a national calamity. Just before Reagan took office, he was being urged by some of his advisers to declare a national economic emergency. He didn't have to. Everyone knew the country was in an economic crisis. The President sold his tax and budget policies as a means to an end, which was to curb inflation and restore the nation's economic stability. In the public's view, they

worked. But tax cuts, budget deficits and tax reform are no longer passing items on the political agenda. They are the basis of a new institutional order, one that will set the terms of political debate far beyond the Reagan years.

Five long-term changes can be identified:

1. The federal budget *deficit* makes it impossible for Democrats to talk about any major new domestic spending programs unless they also talk about raising taxes. Which is exactly what the Republicans want them to talk about. For instance, having taken control of both houses of Congress after the 1986 midterm election, the Democrats proposed ''a new agenda for social progress.'' But they had to face the challenge of financing their new agenda without resorting to a general tax increase. Hence, the pressure for ''new ideas'' in the Democratic Party.

2. *Tax reform* did more than simplify the nation's tax code and curb the influence of special interests. It also weakened the principle of progressive taxation and challenged the notion that the tax system should be used as an instrument of social policy. By reverting to the old idea of ''taxes for purposes of revenue only,'' tax reform has made it harder for the Democrats to legislate through tax policy. And that, President Reagan has said, is exactly what he set out to achieve.

3. A significantly higher level of *defense spending* has become the norm. While there is little public support for the sharp increases President Reagan requests from Congress every year, most Americans

still do not want to make substantial cuts in the military budget. Cutting defense has come to mean going back to the perceived military weakness of the 1970s. Thus, as defense spending has risen year after year, the public's response has essentially been, ''This far, but no farther.''

4. By the time he leaves office, President Reagan will have appointed about half of the nation's federal judges. While not all of those appointees can be described as ideologues, the Administration paid attention to their views on key social issues like affirmative action, abortion and criminal rights. Throughout the Reagan presidency, the religious right has complained that the Administration has done little to fight for their social agenda in the legislative arena. That is correct, and the explanation is that it would have been politically unwise. Instead, President Reagan is relying on the federal *courts* to reverse the judicial activism of the last three decades. Which they may well do -- after he leaves office, when the political consequences will be less damaging.

5. Finally, the Reagan Administration has changed the *political consensus* in both parties. The withdrawal of Howard H. Baker Jr. from the 1988 presidential race removed the only prospective candidate who represented the traditional moderate Republican Establishment. Instead, Baker chose to become White House chief of staff and shore up his Reaganite credentials. Everyone left in the GOP race is a conservative. Rep. Jack Kemp is an aggressive leader of the New Right. Rev. Marion G. (Pat) Robertson is trying to muster a Christian

army to fight for the religious right. Former Sen. Paul Laxalt is a Reagan replicant. Former Delaware Governor Pierre S. du Pont, despite his high Establishment origins, is a born-again populist and supply-sider. Vice President George Bush has also shed his moderate skin and converted to Reaganism. Senate Minority Leader Bob Dole assiduously courted the right during his two years as Senate Majority Leader. Although he differs with the right on some important issues, Dole has established his credentials as someone who can deliver. Dole's message to the right is, ''I may not be one of you, but I can deal for you.''

Democratic Compare the situation in the Democratic Party. With Gov. Mario M. pragmatic Cuomo and Sen. Edward M. Kennedy out of the race, there is no one left to fight for the Old Politics -- free-spending, high-taxing, big government liberalism. All the Democrats left in the race, with the important exception of Jesse Jackson, are ''pragmatists'' who want to try ''new ideas.'' To many Democrats, the field looks like Jackson and a crowd of yuppies. (This not not entirely fair to Sen. Paul Simon, a less conspicuous exception.) In the Democratic Party, pragmatism means giving up the burden of defending big government. Government cannot be the solution to every social problem, pragmatists say; instead, it should be the source of new ideas. Thus, the primary role of government is not to redistribute income but to stimulate economic growth. Most Democrats remain committed to the principles of sharing, compassion, mutuality and help for the disadvantaged. But these days, that message sounds too much like free spending, high

taxing, big government liberalism. It is a message Democrats fear they can't sell any more.

The Reagan Revolution has also changed the coalition structure of American politics. Reagan brought together a variety of interests united by a distaste for big government. That coalition is larger than the traditional Republican Party. Consequently, it is more diverse. It includes business interests and middle class voters who dislike taxes and regulation. It includes racial and religious conservatives who dislike the federal government's reformist social agenda. It includes neoconservatives who want a tougher and more assertive foreign policy. These interests disagree on many things, but they will stick together as long as they see a common enemy, namely, the liberal establishment with its interventionist domestic policies and its non-interventionist foreign policies.

Benjamin Ginsberg and Martin Shefter have analyzed how the Reagan Administration ''reconstituted'' American politics. For example, some groups have changed their political identity. Middle- and upper-income suburban voters who used to see themselves as beneficiaries of government programs now identify as ''taxpayers, individuals whose chief concern is the cost of federal programs.'' Groups that used to share a common interest have been divided by the Reagan program -- public-sector and private-sector professionals, for instance, or business and labor in deregulated industries. In still other cases, the Reagan Revolution has created new political forces by uniting disparate interests: Catholic and Protestant religious conservatives,

upper-income managers and professionals, big business and small business. ''The result of these efforts is a new constellation of forces in American politics, one that is more consonant with the President's programmatic and partisan goals and that increases the probability of the Reagan regime enduring.''

What keeps the Reagan coalition together is not mutual affection or agreement, but the perception of a common threat. The threat is that liberals will regain control of the federal government and use it, as they did in the past, as the instrument for carrying out their ''redistributionist'' or ''reformist'' or ''anti-military'' program. The threat will not disappear when Reagan leaves office, and neither will the Reagan coalition.

Not even if it loses the 1988 election. The fact that a coalition is defeated does not mean it has been destroyed. In the short run, the Republicans are likely to lose many elections, as they did the Senate elections in 1986, just as the Democrats lost many elections over the fifty year history of their New Deal coalition. The short-term fate of the Republican Party depends on factors like the condition of the economy and the fallout from the Iran-contra scandal. But the Reagan coalition would come to an end only if the various groups that comprise it no longer feel they have a mutual interest in limited government.

Above all, the political agenda has changed. Looming over everything is the federal budget deficit. The anti-government revolt that brought Reagan and the GOP to power in 1980 is over. But we have

come out of it with a new institutional order, one based on low taxes and limited government. That new order does not lack for defenders.

The Short-Run: Unintended Consequences

What surprises many observers is the lack of evidence of any ideological change, at least in the short run. As Thomas Ferguson and Joel Rogers found in 1986, ''Poll after poll demonstrates that the basic structure of public opinion in the United States has remained relatively stable in recent years.'' Hugh Heclo took note of ''the amount of effort that must be exerted to find even modest movement in the public's mind toward ideas favored by Reaganism.'' Both analyses were published before Iranscam had its debilitating effect on President Reagan's image.

Basically, Reagan has been a victim of the Law of Unintended Consequences, a law that initially helped him get elected President. What the Law of Unintended Consequences says is this: by solving one problem, you usually create another. You may even make the situation worse instead of better. That point was made over and over again during the 1960s and 1970s by neoconservative intellectuals -- former liberals who argued that liberal social programs were creating more problems than they were solving.

The classic case, cited again and again by neoconservatives, was Aid to Families with Dependent Children (AFDC), the federal welfare program. The program provided assistance to low-income families, but

only if the father was absent. So, in effect, the program gave fathers an incentive to abandon their families.

There were many other examples. The federal minimum wage law had the effect of making many low-skill workers unemployable because their labor was not worth the minimum wage. They were literally priced out of the labor market. Rent control, another well-intended program, had the unintended consequence of immobilizing the housing market. People could not move out of rent-controlled apartments, and there was no incentive for landlords to maintain existing properties or for developers to create new rental housing.

These arguments, made by respectable intellectuals, gave conservatives like Ronald Reagan the evidence they needed to support what they had been saying for years: That government spending is bad. That the federal government makes things worse. And that most of what the government does to help people is wasteful and counterproductive.

The voters did not buy conservatism because it became intellectually respectable, however. They bought it because, over a twenty-year period, public confidence in government collapsed. A decade of social conflict -- racial violence, the war in Vietnam, student protest, Watergate -- was followed by a decade of economic decline -- the energy crisis, recession, the Great Inflation of the 1970s. Not only was government unable to solve these problems. It was government that created them in the first place.

Runaway inflation was the final straw. The public placed the blame squarely on out-of-control government spending. The result was the

tax revolt that spread across the country like wildfire in 1978. Then, two years later, the Republicans swept the presidency and the Senate. The revolt against government came about because of good timing: a conservative movement armed with new and powerful arguments against government, and an electorate that, as a result of inflation, was finally receptive to what the conservatives were saying.

A remarkable thing happened next. Reagan got credit for solving the two problems he was elected to solve. During his first term in office, inflation was subdued and the nation's sense of military security was restored. Then the Law of Unintended Consequences took over.

Reagan's success in curbing inflation had the unintended consequence of ending the revolt against government. Beginning in 1983, when the inflation rate reached zero for the first time in thirty years, attitudes toward government began to improve. Polls showed rising support for government regulation and for government spending on domestic social programs like education, health care and poverty. Tax resentment declined. And trust in government increased. Fewer people said that public officials were wasteful, crooked and incompetent and more people felt they could trust the government to do what is right. Thus, the ultimate irony of Reagan's presidency: he restored people's faith in government, which is certainly not what he set out to do.

Reagan's success in improving the nation's sense of military security had the unintended consequence of reducing support for his

defense policies. Current polls show that less than 20 percent of the public believes the Russians are now stronger than the United States. That view was held by a majority in the late 1970s. Consequently, fewer than 20 percent now favor higher defense spending. The polls show increasing support for an arms control treaty and for improving relations with the Soviet Union. Thus, another irony of the Reagan presidency: by making Americans feel more secure, Reagan laid the groundwork for renewed detente, which is certainly not what he set out to do.

President Reagan came to power by seizing the moment, and in 1980, the moment was ripe for conservative leadership. He also managed to sustain his political power even as the Law of Unintended Consequences began to work against him. In a system without strong political parties like that of the United States, public opinion becomes a President's main source of power. An American President must be constantly preoccupied with managing public opinion, even to the point of delegating important policy responsibilities to others. Since managing public opinion was one of Reagan's greatest strengths, delegating authority became his most serious vulnerability.

A high approval rating gives a President clout with the press, the bureaucracy and Congress. If a President's approval rating declines significantly -- as Reagan's did in 1982, at the time of the recession, and as it did again at the end of 1986, as a result of Iranscam -- the President literally loses power, even over his own party. In a system where politicians are independent entrepreneurs,

there is little advantage in remaining loyal to an unpopular President. In 1982, Reagan used his considerable personal appeal, as well as his skill at media management, to rally the American public to ''stay the course'' in the face of the deepest recession since the 1930s. In 1986, he was not so lucky. The Iran arms deal caused the President's approval rating to go down almost twenty points in one month, the sharpest drop on record. While his ratings subsequently stabilized at about 50 percent, the President suffered a serious loss of credibility. No one is afraid of him any more. Moreover, the polls show that the electorate is in a mood for change. People say they would prefer a Democrat to a Republican as the next President.

The simple truth is that once the Reagan Administration did what it was elected to do -- resolve the nation's economic crisis and restore the country's sense of military security -- the public lost interest in the Reagan agenda. The Law of Unintended Consequences took over, and its effects were heightened by the Administration's grievous mismangement of foreign policy. The President has lost power -- although at fifty percent approval, he is not exactly a toothless tiger. The 1988 election looks winnable for the Democrats -- although it is far from a sure bet as long as the economy remains stable.

In other words, while the short-run outlook is not good for the Administration or for the Republican Party, the Reagan Revolution is not an evanescent phenomenon. It is strongly rooted in the institutional changes outlined above. It will not disappear as easily as Ronald Reagan's personal ''magic'' has. There have been lasting

changes in the American electorate. These changes started long before the Reagan Revolution. In fact, they go back twenty-five years, to the social and foreign policy conflicts of the 1960s. Ronald Reagan himself is a creature of the 1960s. He first gained prominence as a result of a speech supporting Barry Goldwater for President in 1964, and he was elected governor of California in 1966 in reaction to the social turmoil of Watts and Berkeley. Iranscam and the Oliver North phenomenon can be understood only in terms of the legacy of the Vietnam war. The conflicts surrounding the Supreme Court and the nomination of Judge Robert Bork derive from several decades of judicial activism.

The quarter century from 1964 through 1988 was a distinctive cycle in American politics, an era of ideological change and party realignment. The Reagan Revolution was as much a consequence as a cause of those developments. Thus, the changes now visible in American politics have deep roots and cannot be destroyed by the failure of one presidency.

The New Politics

Two things happened. The first was the rise of the new politics, which brought about the ideological realignment of the Democratic and Republican parties. Beginning in the 1960s, the Republicans moved to the right and began to attract a new conservative coalition. At the same time, the Democrats started moving to the left, with the result

that the party gained a new liberal constituency and alienated its old-line conservative wing. These changes occurred mostly at the elite level, among political activists coming out of the New Right and New Politics left. These activists eventually gained influence over, if not total control of, the two major parties.

(2) The second change, the rise of anti-establishment populism, occurred at the mass level and had little to do with ideology. It was stimulated by two decades of failure and frustration. Populism is neither liberal nor conservative, but anti-elitist. The last two Presidents of the United States, one a Democrat and the other a Republican, were both anti-Washington candidates who appealed to this neo-populist sentiment. As a result of the Great Inflation of the 1970s, anti-establishment populism turned into a revolt against government, the ultimate symbol of the establishment and the status quo. The first stirrings were visible in the tax revolt of 1978, two years before Ronald Reagan won the presidency. It was the anti-government revolt that brought the conservative coalition, and the Reagan revolution, to power.

The year 1964 marks the dividing line between the old politics and the new politics. The Republican nomination of Barry Goldwater defined a new style of conservatism and occasioned a sharp break with the past. The Democrats, under the leadership of John F. Kennedy, Lyndon Johnson and Hubert Humphrey, also broke with their past by making the courageous, and ultimately costly, decision to embrace the civil rights movement. For the next two decades, the parties

continued to move apart ideologically. This transformation is symbolized by the two principal third-party movements of the last 25 years. Conservative Democrats, mostly southern whites, felt homeless in 1968 and rallied behind the independent candidacy of George Wallace. They could not stay in a party committed to civil rights. Liberal Republicans felt homeless in 1980 and rallied behind the independent candidacy of John Anderson. They could not stay in a party that had become completely Reaganized.

Nowhere did this realignment have a greater impact than in the South. What was once the most solidly Democratic region of the country is now predominantly Republican in presidential elections. Since 1964, the South has given majority support to the Democratic ticket only once, in 1976, and even then, Jimmy Carter failed to carry white southerners. The South provides the base for what has become a normal Republican presidential majority.

In the 1950s, it was possible to talk about a Democratic Party establishment and a Republican Party establishment who were more or less in control of their parties' policies and organizations. While divided on economic issues -- the Democrats were the big spenders, the Republicans the party of austerity -- neither social issues nor foreign policy entered the partisan debate. Both sides endorsed the bipartisan Cold War consensus. And the most pressing social issue, race, was confused. The Democrats still had a large contingent of southern white racists, while it was a Republican Chief Justice who wrote the 1954 Supreme Court decision mandating school integration and a Republican President who sent troops to Little Rock to enforce it.

In the 1960s and 1970s, both party establishments were the targets of protest movements. The first challenge came from the right, in 1964, when the Goldwater movement mobilized conservative activists to wrest control of the Republican Party from the eastern establishment. The left protest movement emerged with the antiwar candidacy of Eugene McCarthy in 1968. Four years later, liberal activists mobilized in the Democratic primaries and caucuses to nominate George McGovern and defeat the party establishment that had stolen the nomination from them four years earlier. The presidential nominations of Barry Goldwater in 1964 and George McGovern in 1972 signaled the initial victories of these protest movements. Although both candidates were defeated in the ensuing general election, their followers moved into positions of prominence in the two parties, either displacing the party regulars or forcing them to accommodate.

The protest movements introduced new ideological issues into party politics. The New Right conservatives attacked the Republican establishment for making too many compromises with big government -- including acceptance of civil rights legislation -- and for being too willing to accept peaceful coexistence with communism. The Democrats had already taken a giant step to the left when the party establishment supported civil rights. The New Politics movement went one step further and challenged the party leadership's commitment to the Truman Doctrine, the principle of anti-communist intervention that got us into Vietnam. Beginning in the 1960s, social issues and foreign policy became partisan issues, alongside enduring party differences over taxes, spending and regulation.

Party leaders like to say that a political party is a big tent, with room inside for all kinds of people. That certainly used to be true. Democrats ran the gamut from Southern white racists to blacks and Northern liberals. The old GOP included right-wingers like Barry Goldwater and left-wingers like John Lindsay. In recent years, however, the tents have gotten smaller. Racists and right-wingers are no longer welcome in the Democratic tent. Liberal Republicans face a choice of either losing (like Jacob Javits and Clifford Case) or leaving (like John Lindsay and John Anderson).

The parties have been trading supporters as a result of the new politics. While the suburban vote in the South has become solidly Republican, Democrats have made substantial inroads among affluent upper-middle-class voters outside the South. These New Politics voters, many of whom, like John Anderson, were traditionally Republican, cannot abide the reactionary social conservatism of the new Republican Party. They are attracted to New Politics liberals like George McGovern, Morris Udall and Michael Dukakis, not to old-fashioned Democrats like Walter Mondale or moderates like Jimmy Carter.

On the other hand, the Democratic Party has been losing much of its traditional support among white Southerners, conservative Catholics and blue-collar voters who feel threatened by social and cultural change. Conservative Democrats are not attracted to moderate Republicans like Gerald Ford but to right-wing Republicans like Ronald Reagan, Strom Thurmond, Jesse Helms, John Connally and Phil Gramm --

all of whom used to be Democrats. All of them, as conservatives, found themselves out of place in their party. They ''realigned'' and took many of their supporters with them.

This realignment occurred in two stages. First came the social realignment of 1968 and 1972. In 1968, the Democrats lost the support of racial conservatives, mostly Southern whites. Then in 1972, they lost the smaller but influential group of foreign policy conservatives, or neoconservatives. But the party was still competitive, as demonstrated by its comeback in 1974 and 1976. All the Democrats needed was a bad economy and a good scandal.

The second stage of realignment, 1980-84, was more damaging because the Democrats were in danger of losing their economic base. What held the Democratic Party together for fifty years was economic populism -- the belief that the party would protect people against economic adversity. That belief kept the party going during the years when it was tearing itself apart over civil rights and Vietnam. Under Jimmy Carter, however, the Democrats failed to offer economic protection. Under Reagan, the Republicans succeeded. Without the economic issue, the Democrats risk becoming a liberal party rather than a populist party, that is, a party of upper middle class liberals and minority groups who share the same social philosophy.

The realignment has been in the direction of ideological consistency, with the Republican party becoming socially as well as economically conservative and the Democratic party endorsing social as well as economic liberalism. Lower-status voters tend to be liberal

on economic issues and conservative on social issues, while higher-status voters are just the reverse. Thus, the typical voter is ideologically inconsistent. Many working class voters look to the Democratic Party for economic protection but do not trust its social liberalism. Middle class suburbanites favor Reagan's fiscal conservatism but are disturbed by the messages of religious fundamentalism, anti-environmentalism and foreign interventionism that sometimes emanate from the White House. In many ways, the New Deal party system with its ideologically inconsistent parties fit the electorate better. As Walter Dean Burnham has argued, realignment has narrowed the parties' bases and left many voters with no comfortable home.

The Issue of Government

Most of American history has been a complex interplay between economic and social conflict. The role of government is the eternal issue. An economically activist federal government is one that manages, guides and regulates the economy. Is that liberal or conservative? In the nineteenth century, when government was regarded as the bastion of privilege, the out-groups in society favored a laissez-faire state. Jacksonian Democrats, as the party of the "left," resolutely opposed all forms of government economic intervention -- currency controls, a national bank, incorporation through legislative charter, protective tariffs, even government-

sponsored internal improvements. The Federalists, Whigs and later the Radical Republicans were more comfortable with statism and government intervention, which they defended in the name of nationalism (for instance, Henry Clay's ''American System'').

Even more divisive was the view that the federal government should endorse or mandate certain social values, such as abolitionism, temperance, racial equality, sexual freedom or religious rights. Those who favor a socially activist federal government usually do so in the name of universal moral values or human rights. Those who resist say they are defending pluralism: we are a country with no official religion, ideology or culture, and so the state must be scrupulously neutral in such matters. In the nineteenth century, the conservative parties were the parties of the cultural establishment, usually the Protestant elite which wanted to use government to reform and control society. The Jeffersonian Democrats were the party of the out-groups and the disestablished. Consequently, it was the Democrats who supported religious freedom, states' rights and cultural laissez-faire.

These historic party positions were reversed in the twentieth century for a simple reason: the role of government changed. Capitalism is revolutionary. It creates rapid and large-scale social change through what Joseph Schumpeter called the process of ''creative destruction.'' Those who are threatened by change, the losers in the process, gravitate toward government for protection -- not just impoverished farmers and workers, but also victims of discrimination and those whose values are endangered by cultural change.

Historically, in the United States as well as Europe, government power had been allied with economic power and social privilege. Out-groups distrusted and opposed the state. The progressives were the first to use the power of the state to attack private concentrations of power. Eventually the New Dealers discovered a fundamentally new role for government -- protecting people against economic adversity. Government became the enemy of economic privilege, or what Franklin D. Roosevelt called ''the economic royalists.'' Economic out-groups began to look to the federal government for protection -- for jobs, relief, unemployment compensation, old-age pensions and the safeguarding of labor rights. Government power became associated with the economic left.

The second change occurred in the 1950s and 1960s. The civil rights movement redefined the role of the federal government in social relations. Government was used to reform society, only this time it was to benefit of the victims of discrimination. The Democrats discovered in the 1930s that the power of the federal government could be used to promote economic justice. They discovered in the 1960s that the power of the federal government could be used to promote social justice. The sociology of the Democratic Party remained consistent. It was still the party of the underprivileged and the out-groups (the party of ''losers,'' as Republicans sometimes say at intemperate moments like party conventions).

What changed was the party's ideology. From the 1930s through the 1970s, the Democrats became firmly identified with activist

government. They became statist in social as well as economic affairs. Antistatist Democrats -- economic conservatives and racists, who claim a continuity with the Jeffersonian states' rights and laissez-faire tradition -- have been made to feel distinctly unwelcome. The Republican Party retained its traditional economic conservatism but added to it a vigorous and muscular social conservatism. The latter materialized as a backlash against federal interference, especially judicial interference, in racial and religious matters.

Government, which was once seen as a bastion of social and economic privilege, came to be viewed in this century as a force for social and economic egalitarianism. That would seem to give the Democrats a populist appeal. It did, for about fifty years. But then, something happened in the 1960s and 1970s to undermine that appeal. What happened was a revolt against government -- and against the party of government.

The anti-government revolt was the culmination of twenty years of crisis and decline. First came ''the sixties'' (1964-74), a sequence of events that seemed to expose the underlying corruption of our institutions: the Vietnam war, racial violence, feminism, environmentalism, consumerism, campus protest and the final paroxysm, Watergate. In ''the seventies'' (1974-1984) the news was just as bad, only now most of it concerned the economy: the energy crisis, surging interest rates, and a Great Inflation sandwiched between two major recessions.

The failures of the 1960s and 1970s were failures of government. Over those decades, the nation experienced four failed presidencies in a row. In fact, the country had gone through a comparable experience earlier in this century. A decade of the depression (the 1930s) was followed by a decade of world war (the 1940s). The difference was, those crises were resolved by the vigorous and innovative use of government. Franklin D. Roosevelt's four-term presidency, which spanned most of those two decades, was a monumental success. To the Depression generation, government meant the New Deal, World War II and the prosperity of the 1950s. Government was the solution. To the generation that came of age in the 1960s and 1970s, government was the problem.

It was inflation that brought the anti-government revolt out into the open, starting with the passage of Proposition 13 in California in 1978. In repeated tests of public sentiment across the 1970s, big government was the institution most consistently blamed for inflation. Distrust of government was strongly related to support for Proposition 13 in California and for similar measures elsewhere -- more strongly related than partisanship, ideology or income. As it happens, most of those who favored tax cuts did not feel that they were voting to reduce public services. According to a poll taken by *The Los Angeles Times*, only 5 percent of Proposition 13 supporters thought government services would be cut back permanently as a result of the measure. Twenty-six percent felt other taxes would have to be raised. The prevailing view, held by 45 percent, was that the revenue loss would be closed ''by cutting out waste and inefficiency.''

The single most prominent characteristic of public opinion during the 1970s was widespread disillusionment with government. The public did not reverse its position on the legitimacy of most government functions, such as helping the poor and regulating business. But the feeling grew that government had become excessively wasteful and ineffective in carrying out those functions. Something had to be done. What started with the tax revolt in 1978 culminated in the election of Ronald Reagan as President and the Republican takeover of the Senate.

In fact, the anti-government revolt had been brewing for many years. Polls taken by the University of Michigan showed steadily rising anti-government feeling beginning in 1964. The percentage of Americans who believed they could trust the government in Washington ''to do what is right'' went from 76 percent in 1964 to 54 percent in 1970, 33 percent in 1976 and 25 percent in 1980. The number who felt that the government was run ''by a few big interests looking out for themselves'' was 29 percent in 1964, 50 percent in 1970 and 69 percent in 1980. Less than half of the public thought the government wasted a lot of tax money in 1964; the figure was two thirds in 1970 and over three quarters by 1980.

Reagan's conservative regime is less a cause than a consequence of this trend. When Ronald Reagan took office in 1981, the polls showed that the public strongly supported his new economic program of spending cuts and tax cuts. People supported it in spite of many doubts and reservations. What got the program through was the overwhelming mandate for change.

When Reagan took office, inflation completely dominated all other issues on the national agenda, as shown by responses to Gallup poll questions asking people to name the most important problem facing the country. The chairman of the House Budget Committee observed, ''The elections of 1978 and 1980 demonstrated dramatically that inflation had become the dominant issue and, in most [congressional] districts, your attitude on inflation is measured by your attitude on government spending.''

To the Administration, however, the economic crisis provided the opportunity to accomplish what Republicans had been talking about for fifty years, namely, reducing the size and power of the federal government. The cuts in government spending at the heart of Reagan's economic plan were not the means toward the end of economic recovery; they were the ends themselves.

The American public was quite aware at the outset that the Administration's program would cause special hardship for the poor. Just after Reagan's 1981 speech, the public was asked by ABC News and *The Washington Post* who they thought would be hurt the most by Reagan's proposed budget. Forty-two percent said poor people, 22 percent said middle-income people and 2 percent said the rich. Only 30 percent felt that everyone would be affected the same. The cross section was then asked, ''Regardless of who might be hurt, would you say you generally approve or disapprove of the spending cuts Reagan has proposed?'' The margin of approval was overwhelming, 72 to 21 percent, despite the perceived unfairness of the program. The reason:

by 64 to 28 percent, the public felt that President Reagan's program would help bring an end to inflation.

Even in 1981, however, it was difficult to find majority support for specific spending cuts. The ABC/*Post* poll asked people how they felt about spending cuts for fourteen specific programs, including child care, synthetic fuels, unemployment insurance, aid to the arts, food stamps, medicaid, student loans, public television and the postal service. The answers ranged from 4 percent who favored a decrease in spending for medicare to 49 percent who support cuts in food stamps. In other words, a majority of Americans did not favor spending cuts in any specific program. They supported Reagan's program as a whole, however, including the spending cuts, because they wanted strong, decisive action to end the nation's economic crisis. The Administration's mandate was to ''do something -- anything'' to get the economy back on track, even if that entailed specific cuts that were not popular.

In his 1981 speech, President Reagan said, ''Spending by government must be limited to those functions which are the proper province of government.'' The President may have been surprised to find out what the public thought the proper province of government was. In the ABC/*Post* survey, the same national cross section that approved the President's proposed spending cuts by more than three to one was asked whether they agreed with the following position: ''The government should work to substantially reduce the income gap between rich and poor.'' They very definitely agreed, by a margin of 64 to 31 percent.

Polls like that reassure Democrats that Americans never intended to dismantle the welfare state. The anti-government revolt was more of a populist than a conservative phenomenon. But that does not mean it was any less real, or any less damaging to the Democratic Party. The party became identified with the status quo and the vested interests who had been running things in Washington for fifty years. To most Americans, the federal government had become the establishment, and defending it meant defending statism and interest-group liberalism. Democrats tend to forget that their heroes, the Progressives and the New Deal liberals, used government power to attack the vested interests and the status quo. It sounds strange, but the federal government back in those days really was an anti-establishment force.

Hidden-Agenda Politics

The crowning achievement of the Reagan presidency thus far, and the one that is likely to have the most lasting impact, is tax reform. The most serious failure of the Reagan presidency thus far, and the one that is likely to have the most lasting impact, is the deficit. Both are examples of hidden-agenda politics.

Sen. Howard Baker, who was Senate Majority Leader when the Reagan economic program was set in place, offered a pointed observation about President Reagan's priorities. ''I think he would really like to get his fiscal house in order,'' Baker said. ''But those who say that is last on his agenda are probably right. He wants tax reform and he

wants a strong defense. And *then* he wants to balance the budget.'' Rep. Kemp made the same point. ''I remember very clearly Reagan being asked, 'What about the deficit?' He said, 'I would take a deficit if by a deficit I were able to implement my tax cut and my defense build-up.' I am sure Reagan talked about a balanced budget as a theoretical point. But the defense build-up and the tax cuts were sacrosanct.''

Reducing the deficit is important to the President. But other things, like keeping taxes down and defense spending up, are more important. As it happens, the public is essentially in agreement with this view. A 1985 *Los Angeles Times* poll asked people what they thought would constitute the most serious threat to the nation's economic recovery. Not reducing the federal budget deficit came in last, after higher unemployment, higher interest rates, increased inflation, a decline in the stock market and a tax increase. Of all the bad economic news people can imagine, the deficit is far from the worst.

What do people think will happen as a result of high deficits? When CBS News and *The New York Times* asked this question in 1986, almost half of the public had no idea, and an additional ten percent said it wouldn't affect them at all. The consequences people thought of most readily were higher interest rates, higher taxes and more inflation. But inflation has remained low, taxes have been cut and interest rates have been reasonably stable. So what's the problem?

What people are afraid of is not the deficit, but what government might do to reduce the deficit. It is difficult to find majority

support for any of the available options -- cutting defense spending, reducing spending on social programs, cutting back on entitlements like social security and medicare or, least popular of all, raising taxes. In early 1986, when Congress was wrestling with the Gramm-Rudman-Hollings ''Balanced Budget and Emergency Deficit Control Act,'' *The Los Angeles Times* asked people to assess four options for dealing with the deficit. Two were soundly rejected: allowing the Gramm-Rudman sequesters to go into effect (''deep across-the-board budget cuts in defense and domestic programs'') and passing what was identified as President Reagan's budget proposal (''no new taxes, an eight percent increase in defense spending and sharp reductions in domestic programs'').

Two options were found acceptable. By far the most popular was the ''grand compromise'' -- smaller cuts in defense and domestic programs but also some tax increases in order to meet the goals of the Gramm-Rudman bill. The problem was that neither the Administration nor the Democrats in Congress would support a tax increase. The other acceptable option? ''Suspend the Gramm-Rudman Act; vote for some relatively small reductions in defense spending and domestic programs and only minor cuts in the federal budget deficit.'' Which is what Congress, with some help from the Supreme Court, actually did.

In effect, the deficit institutionalizes the Reagan Revolution. It de-funds the welfare state while avoiding a frontal assault on social programs. What can the Democrats do? They have regained control of Congress and have a fighting chance to win the presidency back. But

the deficit makes it difficult for them to talk about any bold new initiatives.

Democrats have learned two lessons from the Reagan era. One is that the only social programs that are politically secure are those that benefit everybody. Medicare, for example, is the principal enduring legacy of Lyndon Johnson's Great Society. Like social security, Medicare helps everybody, not just those in greatest financial need. The Democrats found it impossible to sustain support for LBJ's War on Poverty, however, precisely because it was not a universal ''entitlement.'' It was targeted at the poor.

The other lesson was, don't raise taxes that hurt everybody. Democrats saw what happened to Walter Mondale in 1984 when he proposed a general tax increase. The safest way to raise taxes is to target the increases. Make the beneficiaries pay the taxes (user fees). Earmark specific tax increases for specific programs (designated revenues). Or, best of all, shift the burden of paying for social programs from individual taxpayers to institutions (mandated benefits).

That is the language of new ideas, and one hears it often these days from Democratic presidential candidates and congressional leaders who talk about ''a new agenda for social progress.'' The objective is to get away from the old politics of taxing and spending, or more precisely, taxing us and spending on them.

There are two problems with this approach. It does very little to reduce the federal budget deficit. And it is inherently regressive.

A great deal of money goes to people who don't really need it, essentially as a payment for their political support, and people are taxed without regard to their ability to pay. Neither of these problems is a serious political liability, however. To the voters, a system that helps the many and taxes the few seems eminently fair.

The polls show that the public is willing to pay higher taxes for a wide variety of social needs such as improving the nation's educational system, repairing bridges and highways, protecting the environment and aiding the homeless and the hungry. There is one thing people will not pay higher taxes for -- reducing the deficit. That is not financing a legitimate social need. That is funding big government.

And so Congress has hit upon the notion of designated revenues. Raise a particular tax and make sure people can see what it is being used for. That was the principle behind the highway bill passed by the 100th Congress over President Reagan's veto. The bill designated revenues from the highway trust fund to pay for road and bridge construction. Congress proudly pointed to the fact that the bill did not do anything to increase the federal deficit. But it did not do anything to reduce the deficit either.

A related principle is that of ''toll road'' or ''pay as you go'' taxation. Make the people who use the service pay for it, so they feel they are getting something for their money. That is how the House of Representatives proposed financing the expansion of Medicare coverage to include catastrophic illnesses. The added benefits would

be paid for by the elderly themselves. The higher payments were to be thought of as ''premiums.'' Only the premiums would be mandatory, which means they are really a tax.

An even more ingenious solution to the revenue problem is not to raise taxes or spend government money at all. Just mandate that employers pay higher benefits to their workers. Thus, Congress has considered bills to raise the minimum wage and to require employers to pay mandatory health insurance and grant parental and medical leave. The idea is to expand ''workers' rights'' and ''family rights'' -- that is, entitlements -- by making business, not government, pay for them.

Such proposals elicit few complaints from taxpayers. According to a 1987 poll taken by the Service Employees International Union, the public supports legislation requiring employers to provide parental and medical leave by a margin of 77 to 15 percent. Raising the minimum wage is endorsed by 71 to 20 percent. By 62 to 29 percent, the public favors requiring employers to provide a basic minimum health insurance package to employees and their dependents.

These proposals do elicit a great many complaints from business, particularly small business, which bears most of the burden. (Most big business firms have the resources and flexibility to meet or surpass the mandated standards.) According to John Sloan, Jr., president of the National Federation of Independent Business, ''Congress is notorious for trotting out social programs which sound wonderful to everyone but must be paid for by the private sector. The

private sector then has no choice but to pass along those costs in the forms of higher prices, . . . reduced wage increases, lower dividends, delayed capital investment and fewer jobs.'' What it adds up to, Sloan feels, is ''a sure-fire recipe for reducing a nation's competitiveness.''

Congress is forced to be devious because Americans want more government than they are willing to pay for. Uwe E. Reinhardt has pointed out that in 1984, the total tax burden in the United States was lower than that of any industrialized country except Japan. And of those taxes we do collect, a higher proportion goes to defense.

Tax reform, like the deficit, also entailed a hidden agenda. In fact, it was the same agenda, namely, reducing the size and power of the federal government.

The tax issue today bears a striking resemblance to the tariff issue in nineteenth-century American politics. Before the income tax, the tariff was a major source of revenue for the federal government (''external'' as opposed to ''internal'' revenue). Republicans supported a high tariff, not only because they wanted to protect American industry, but also because they favored a strong, activist federal government. The Democrats of that era tended to be anti-government; they were the party of states' rights and laissez-faire. Consequently, every Democratic platform included a call for tariff reduction. The formula used was ''a tariff for purposes of revenue only.'' Compare the basic philosophy of taxation Reagan revealed in his 1981 budget message to Congress, when he said, ''The taxing power

of government must be used to provide revenues for legitimate government purposes. It must not be used to regulate the economy or bring about social change.'' The issue now is the same as it was then, namely, shall we make the federal government less active and less powerful by starving it of funds?

In fact, taxes are used for purposes other than raising revenue. One is to redistribute income from the rich to the poor. That is the purpose of progressivity in the tax code. President Reagan called this principle into question in 1985, when he said his tax reform proposal would make the tax system less progressive. ''We believe that there's nothing progressive about tax rates that discourage people from climbing up the ladder of success,'' the President said. Unlike Reagan, Americans do believe in a progressive income tax. In a Roper Organization survey taken last year, a three-to-one majority rejected the idea of lowering the top tax rate to 35 percent for people with the highest incomes. The public wanted to see taxes raised for the wealthy and lowered or eliminated for the poor. As Howard Baker put it, ''It is the most remarkable political paradox in my time, this support for the repeal of progressivity. Liberal Democrats, conservative Republicans -- the abdication of progressivity as a public policy has near universal support. For the life of me I don't know how that happened.''

The use of taxes as an instrument of social policy is another principle that used to be firmly established. Generally, there are three means the government has at its disposal to carry out a social

objective. It can start a government-operated program, it can make transfer payments to individuals or it can offer tax incentives. For example, to alleviate unemployment, the government can create jobs, give money to the unemployed or offer tax incentives to business to hire the unemployed. In order to help poor people find housing, the government can build low-income housing projects, give poor people rent subsidies or give real-estate developers tax incentives to build low-cost housing.

In these and similar cases, the tax system is arguably the best way to achieve a policy objective. The public agrees. A 1986 Roper poll explained, ''Aside from raising money, the taxing system in our country has come to be used for a variety of purposes -- to redistribute the wealth, or to encourage or discourage certain types of behavior, or to stimulate segments of the economy, etc.'' People were then asked whether they thought the tax system whould be used just to raise revenues or for other purposes as well, ''bearing in mind that these other purposes can be ones that you disapprove of as well as purposes you approve of.'' A 51-38 percent majority said yes, taxes should be used for purposes other than raising revenues.

There is no question that using taxes as an instrument of social policy often led to inefficiency, inequity and abuse. Businesses and real-estate developers piled up tax advantages. Some industries were favored over others. Pointless research was done, unproductive workers were hired and uneconomic housing and office space got built. In all too many cases, tax preferences were granted because of the

political power of a well-organized special interest, and not in response to a legitimate national need. Both Republicans and Democrats saw tax reform as an irresistibly populist issue. Republicans could use it to shed their elitist image as the party of wealth and big business. Democrats could shake off the charge that they were the party of special interests.

The Administration likes to believe that, in the tax reform battle, President Reagan rallied public opinion against a hostile Congress. That is not the way it happened. From beginning to end, the American public was wary of tax reform. What really happened is that Reagan rallied Congress against a hostile public. In the end, tax reform was a bipartisan effort supported by the President and by Democratic leaders in Congress, each side for its own reasons.

In 1987, Reagan began a drive for budget reform, hoping to duplicate his 1986 experience with tax reform. There is nothing bipartisan about budget reform, however. It gives rise to open warfare between the President and Congress. With the Democrats in control of both houses of Congress, the Republicans have little incentive to get involved in the budget process. They sit on the sidelines and let the Democrats pass their own budget resolution, which they and the President proceed to attack.

The President initiated his crusade for budget reform with a call for an ''economic bill of rights'' on July 3, 1976. The problem is, the public is as wary and skeptical of budget reform as it was of tax reform. These days, neither Congress nor the President has much

credibility on the deficit issue. When asked who is responsible for creating the deficit, far more people blame Congress and the Democrats than blame Reagan. At the same time, Reagan's handling of the deficit has reached record disapproval levels. And 1987 Democrats for the first time edged ahead of Republicans as the party better able to handle the deficit and cut federal spending.

The real issue behind the deficit impasse is political. The President refuses to engage in the budget process at all. ''Instead of signaling to Congress that he's interested in working constructively,'' said Rep. Thomas S. Foley, the House majority leader, ''the President sends a signal of confrontation and combat.'' And so Democrats in Congress have proposed new automatic-spending cut mechanisms to force the President to get involved. ''The President is wrong when he says we don't need new revenues to attack the deficit,'' said Rep. Dan Rostenkowski, the chairman of the House Ways and Means Committee and Reagan's erstwhile ally on tax reform. ''We have to force the President to accept the responsibilities of his office.'' Similarly, the President has called for a line-item veto and a balanced budget amendment in order to force Congress to cut spending.

In other words, what Congress and the President want are *weapons* to use against each other in the battle of the budget. What the public wants is a *process* whereby both sides work together to keep the deficit under control. President Reagan's confrontational strategy may lead the public to conclude that that process can't happen with a Republican in the White House. In which case, Reagan's campaign for budget reform will turn out to have been a monumental blunder.

l'establishment contre il [illegible]

A Covert Foreign Policy

In future biographies of Ronald Reagan, the week between February 26 and March 4, 1987, will be called ''The Revenge of the Establishment.'' First the Establishment passed judgment on the Reagan Administration and found its behavior unacceptable. Then reliable agents of the Establishment were called in to repair the damage. This is quite a reversal for a President who made his career by running against Establishments -- first the Eastern Establishment that controlled the Republican Party and then the liberal Establishment that ran the federal government.

The Tower Commission, acting as the executive committee of the Washington power elite, reproached the Administration using the strongest terms of disapproval in the Establishment's vocabulary: it called the Iran arms initiative ''a very unprofessional operation.'' Recoiling from this harsh invective, the President fired his Chief of Staff and replaced him with a a consummate professional who had the total confidence of the power elite, former Senate Majority Leader Howard Baker. The appointment of Baker, along with the designation of Frank C. Carlucci as national security adviser and William H. Webster as director of the Central Intelligence Agency, were acts of penance designed to ''restore credibility'' with the Washington power elite.

The Iran arms deal and the diversion of funds to the contras in Nicaragua were motivated by ideology. They were carried out by

zealots who had contempt for foreign policy professionals. Ideology is alien to the Washington power elite. Washington insiders prefer to deal with pragmatists and consensus-builders, moderates who are skilled at the art of compromise. Exactly like Howard Baker.

The Administration gave up its true believers, John M. Poindexter, Robert C. McFarlane and Oliver L. North, who saw the world in black and white. Also gone were the Reagan loyalists, William J. Casey and Donald T. Regan, whose mission in government was to ''let Reagan be Reagan.'' In their place came Baker, Carlucci and Webster, men with exemplary Establishment credentials -- a former congressional leader and presidential candidate, a career foreign service officer and former ambassador, an FBI director and former federal judge. More to the point, Baker, Carlucci and Webster made their reputations long before Reagan became President. Unlike their predecessors, they do not depend on Reagan for their legitimacy.

At the congressional hearings on the Iran-contra affair, North offered an elaborate and compelling justification for covert operations. ''I think it is very important for the American people to understand that this is a dangerous world . . . and they ought not to be led to believe, as a consequence of these hearings, that this nation cannot or should not conduct covert operations.'' There was one big flaw in North's argument, however. The National Security Council was not conducting a covert operation; it was conducting a covert foreign policy.

There is a difference. A covert operation is an action taken to further an agreed upon foreign policy goal. The interception of Arab

terrorists trying to escape from the Achille Lauro hijacking in 1985 was a covert operation. The retaliatory bombing raid on Libya in 1986 was a covert operation. A covert foreign policy, on the other hand, is one that pursues secret objectives. Why did the Reagan Administration pursue a secret foreign policy? Because it could not get political support for the policies it wanted to pursue.

If the Congress or the American public knew that we were trading arms for hostages -- thereby violating our explicit commitment never to negotiate with terrorists -- there would have been a political explosion. As for sending military aid to the contras in Nicaragua, Congress, with demonstrable public support, had already placed severe restrictions on such a policy. The NSC, under the operational leadership of Col. North, was not ''executing'' American foreign policy. It was making American foreign policy -- and hiding that policy from the Congress, the American public and the world.

At one point North explained, ''I want to go back to the whole intent of a covert operation. Part of a covert operation is to offer plausible deniability of the association of the government of the United States with the activity. Part of it is to deceive our adversaries. Part of it is to ensure that those people who are at great peril carrying out those activities are not further endangered. All of those are good and sufficient reasons'' to do what he did.

Those are indeed good and sufficient reasons for a covert operation. But in this case, it was the objectives and not just the operations that were being kept secret. North claimed that the

Iranian arms deal had to be kept secret in order to combat terrorism and save lives. ''I put great value on the lives of the American hostages,'' he explained. ''We got three Americans back. . . . For almost 18 months there was no action against Americans.'' The assumption is that the goal -- trading arms for hostages -- was obvious and unexceptionable. Yet President Reagan himself refused to admit that that is what he was doing until the Tower Commission forced him to accept that conclusion.

The smoking gun did not turn up at the hearings, but President Reagan's credibility was severely damaged nonetheless. According to the polls, most Americans continued to believe Reagan lied about how much he knew. Two thirds believed Poindexter's testimony that Reagan had signed a document authorizing a direct arms-for-hostages trade with Iran, and of that number, over 60 percent thought Reagan was lying when he said he could not recall signing the document. In other words, in the public's view, North and Poindexter did not get Reagan off the hook. Their testimony implicated the President and other high Administration officials in the cover-up. Most Democrats wanted to see Ronald Reagan damaged but not destroyed by Iranscam. That is exactly what happened.

Hence another puzzle: Reagan's approval rating was hardly affected by the Iran-contra hearings. It stayed at 50-53 percent through all the tumultuous events of 1987. The big drop-off in public support came in late 1986. As soon as the public learned of the arms deal with Iran, they docked 20 points from the President's approval rating.

When the *L.A. Times* asked people in July 1987 what upset them the most about the affair, the leading answer was still the arms deal with Iran (27 percent). The cover-up, which the public suspected all along, came in second (20 percent). Only 4 percent were most upset by the diversion of funds to the contras. Even though the contra diversion was the smoking gun that could have led to impeachment proceedings, the public was far more disturbed by the spectacle of the President of the United States selling arms to Iran.

A Marketing Strategy for 1988

In 1983, political scientists Richard A. Brody and Lee Sigelman demonstrated that 50 percent is the break-even point for a President's job approval rating. Below 50 percent, a President is unlikely to be re-elected or succeeded by another President of the same party. The basis for Democratic optimism is the mounting evidence that the 1988 electorate will be in a mood to buy what the opposition party has to sell, namely, change. Caution is advisable, however, because it is not yet clear how much change, or what kind of change, the voters will be interested in.

It all boils down to a market research problem. Opposition strategists first have to figure out what the voters want that they don't now have. Then they have to figure out how to sell it to them. Consider the successful political marketing strategies of the past forty years.

>In 1952 the country was fed up with politics. Harry Truman, whose approval rating at one point was lower than Richard Nixon's after Watergate, was burdened by charges of cronyism and corruption. The voters wanted a leader who was *above politics*. A national hero would do just fine -- a victorious general, say, who had won a world war. Sell them Eisenhower.

>In 1960 the voters felt the country had become sluggish and lethargic under Eisenhower. After *Sputnik*, Americans feared we were losing ground to the Russians. We wanted a leader who was dynamic and vigorous, who could ''get the country moving again.'' The World War II generation was eager to take over. *Youth* was a hot commodity that year. John F. Kennedy fit, or was designed to fit, the spirit of the time.

>In 1968 the voters desperately wanted *order*. The country was being torn apart by racial violence, student protest and the Vietnam war. Everywhere Hubert Humphrey and George Wallace went a riot seemed to break out. We needed someone reliable and experienced, someone who had ''been around,'' someone who could ''bring us together.'' Richard Nixon had little difficulty selling himself as a centrist that year. In the Republican Party, he was opposed by Rockefeller on his left and Reagan on his right. In the general election, he occupied the middle space between Humphrey and Wallace.

>In 1976, following the Watergate trauma, *morality* was a hot commodity. The country wanted someone of literally unimpeachable integrity. Jimmy Carter shrewdly read the national mood and promised, ''I will never lie to you.''

>With Carter, we got integrity, but then the country started to worry about *leadership*. Carter was too wishy-washy and ineffectual. We needed someone strong and decisive, a leader with deep convictions. Ideologues exhibit those qualities, but we normally don't elect them because they are too extreme and divisive. We took a chance with Ronald Reagan, however. Reagan's reassuring personality helped counteract his radical and dangerous reputation. Moreover, his ideology made him seem forceful and principled, just what the country needed after four years of weakness and vacillation.

What will sell in 1988? An entire political consulting industry is trying to figure that out. The market researchers must deal with certain constraints, however. The Republicans are the ''in'' party, and whoever they nominate, they are going to have to sell continuity. The Democrats are the ''out'' party and are going to have to sell change. If the incumbent Administration is popular and successful, then it may be smart for the opposition to offer some change, but not too much: ''We can do better.'' Frustrated partisans will complain about ''me too'' politics, but sometimes, as in 1952 and 1960, not too much change is exactly what the voters want. On the other hand, facing a failed and discredited Administration, the opposition may offer a fundamental change of direction, as the Republicans did in 1980.

The problem for the Democrats in 1988 is that both arguments can be made. In some respects, the Reagan Administration is a failure -- secretive and misguided diplomacy, a massive federal budget deficit,

the trade deficit. But the voters continue to acknowledge Reagan's principal achievements: cutting taxes, reforming the nation's tax system, curbing inflation and restoring the nation's sense of military security. The failures of the Reagan Administration do not discredit its achievements or give the Democrats a mandate to undo the Reagan Revolution. However dissatisfied the voters are with the Republicans, they are not likely to want to go back to the bad old days of high inflation, high taxes and military weakness.

There are any number of things the voters may want in 1988 that they are not getting from the Reagan Administration. Youth is certainly one possibility, especially with a President who has appeared increasingly out of touch with what is going on in his own government. Compassion, always a Republican weakness, is another potential Democratic theme. The fairness issue worked very well for Democrats in the recession year of 1982 and would undoubtedly work again if the economy were to go into another tailspin. Two qualities that used to be strong selling points for the Reagan Administration, competence and integrity, were thrown into doubt by Iranscam. The Administration's diplomacy was clumsy and inept. It involved blatant disregard of congressional prerogatives, not to mention flagrant violations of federal law. The whole episode evoked the unpleasant memory of Richard Nixon's imperial presidency.

Some candidates on both sides have reached the conclusion that what Americans will be looking for in 1988 is a good manager. At least that is what Bob Dole and Michael Dukakis are hoping. Both have been

criticized for lacking vision, but after eight years of Ronald Reagan, a plausible argument can be made that the country has had enough vision for a while.

Alternatively, in 1988 the voters may once again be looking for an outsider and an anti-Washington candidate to go in and ''clean up the mess,'' just as they did in 1976 and 1980. It is often said that the strength of American political parties lies in their diversity. The diversity of Democratic presidential candidates means that the party will be able to offer just about anything the market wants in 1988, whether that is compassion, character, competence, experience or even inexperience.

(5)

SOCIAL CULTURAL TRENDS

VERSUS

CULTURE?

Diana Pinto

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Forty years into the postwar period, with the 1980's, we seem to have entered into a new and very different cultural framework for European-American relations. As with strategic considerations, cultural issues, have become a source of national introspection,leading to quintessential historical reassessments and, in the case of Germany in particular, to major divisions. These divergences are arising at a time when economic and technological links between America and Europe have never been more dynamic and competitive, and when societies have never been more similar. We are thus living in an age of intense transatlantic paradox which can be best characterized by the "decoupling" of social and cultural trends.

Never have American and Western European societies resembled each other more in terms of social composition, political organization, economic accomplishments (and worries) and general life styles. On both sides of the Atlantic "river" (in the words of one airline commercial) people seem to eat the same things, wear the same clothes, and aspire to the same travels and sports. More important, Europeans and Americans alike now seek that same individualist maximization of life in ways that would have seemed virtually unattainable for the founding fathers of the postwar order.

Indeed if one looks at Europe today and compares it to what it was, not just in 1945 but even in 1965, her development would sound like a dream come true with respect to some of the major initial preoccupations of the Atlantic alliance. Not only has the specter of Communism vanished, but its social and political bases have been dissolved. There is no longer in Western Europe a considerable portion of citizens who want to overturn the established system and

its institutions, and who lay their hopes on revolutionary postulates. Equally important, in every Western country, and particularly in France, Italy and Spain, the viability of the democratic political system has finally been confirmed in the 1970's and 1980's with the coming to power of the Left in a peaceful and alternating mode. A tamed socialism has supplanted the great hopes and fears generated by Eurocommunism as little as ten years ago. Even in economic terms, Europe has proven to be so stable as to be able to afford without major structural dislocations the human toll of severe unemployement. European societies seem to have lost that ideological edge which always seemed to threaten Europe's Atlantic pluralist democratic commitment.

But just as the "end of ideology" scenario seems to finally be coming true in terms of social and political trends, after it had presumably been destroyed by the left wing revolutionary turmoil of the late 1960's and early 1970's, new European-American disparities are arising in a realm which had hitherto been considered as a problem free transatlantic link, the realm of culture.

Culture, loosely defined in the postwar period as a quasi anthropological "life style" appendage of social and economic trends, destined to cement European and American relations, has now taken on a life of its own. High culture (with a capital "C") has ceased to be an elegant frosting on the Atlantic cake, that little difference among advanced industrial societies which made it a pleasure to move about in an increasingly homogenized world. It has become instead a key ingredient in a search for national identity, and the driving motor behind a vital taking into account of one's national past. Any discussion on the "state" of the Alliance or on the world views of the "successor" generation must henceforth take culture seriously, and not just

merely as a backdrop, for the long term implications of "Culture" on the European-American alliance still cannot be measured.

When dealing with the disturbing effects of cultural identity, Germany of course comes first to mind. The current debates among German historians over her national past, the search for a relativized meaning of the Nazi epoch, as well as the attempts to find some positive content in her national traditions, have made front page headlines in all the Western press, as perhaps the most dramatic characterization of a major cultural shift away from the transnational post-industrial and even counter-cultural trends of the 1960's and 1970's. Germany's intense search for a national identity straddling two ideologically conflicting states, the pan-German ceremonies over the quisquicentennial of Luther's birth in 1983, Bach's tricentennial in 1985, and the even more symbolically crucial celebration of Berlin's 750th anniversary this year point to a new priority given to culture, history and philosophy as the driving motor that gives "sense" to national life.

At a wider level, the spell of Mitteleuropa on both sides of the East-West divide both for its glorious past and also for its potential future, clearly fulfills a major cultural need, one whose repercussions by way of the reference to Vienna, have also stirred non-mitteleuropean countries such as France or even for that matter America. The Mitteleuropean reference with its specific transcendence of what has come to be called "Yalta" and with its integration, at least in the realm of cultural discourse and nostalgia, of the "other" Europe raises the specter of a third European way, one where a European cultural identity could somehow be incarnated in a new geo-strategic status halfway between the superpowers.

But such a search for the past and for the deepest characteristics of the national identity is not limited to Germany and her perennial "question" or to the Mitteleuropean sirens. Similar, although less strategically explosive, manifestations of the return to Culture and national history can be found in the rest of Europe. Even Italy, traditionally the depository of Western culture and arts but whose own national culture was at best fragmented, is now searching in its own overly rich past for her own positive national identity in trying to play a greater international role. It is highly significant that after Italy "stood up" to the United States over the incident of the Achille Lauro a well known Italian political scientist, Ernesto Galli della Loggia, should feel the need to explain this act with a much talked about book, Lettera agli amici americani. The book was no less than an explanation of the Italian cultural identity in which Machiavelli's legacy of political cynicism, the role of the Church in creating sturdy humanistic values halfway between the spiritual and the temporal, and the weight of a "Latin" past were now perceived as highly positive characteristics to be opposed to America's heavyhanded simplicity, stultifying protestant spirit and inability to understand complex situations. Coupled with Italy's own long term fascination with Mitteleuropa (through her own Austrian legacy), one could have the feeling that one of the most pro-American nations was losing its "Atlantic" values.

Even as Protestant and Anglo-Saxon a country as England was not above stressing its own national interests and identity with respect to America (even if Mrs. Thatcher's jingoism was clearly pro-Atlanticist) as shown both in its pacifist anti-nuclear movements and in the return of a clear post-Falkland British historical pride in a country that is abandoning its economic and social

doldrums and rejoicing once again over its traditional eccentricity (as seen for instance in the recent movies Withnail and I or The Whistle Blower). As for France, the cultural misfit of the 1950 and 1960's alliance, the epicenter of the "troubled partnership" whose Gaullist claim to grandeur made her stand out in the Europe of the 1960's which was still dutifully reciting her advanced industrial "end of ideology" lessons, she too is plunging with zest into her gargantuan national identity... but with unexpected pro-American results, whose implications will be examined later, and which once again make her go cross-current with the rest of Europe.

The age of historical celebrations and commemorations seems to have replaced the age of modernization and of social transformation. Spain is preparing for the quisquicentennial of Columbus' discovery of America, while trying to bring out once again her buried Jewish and Arab influences. France is on the verge of the Bicentennial of the French Revolution to be followed by the centennial of de Gaulle's birth. German celebrations take on major international repercussions as with Berlin's 750th anniversary. And America herself is well into her own celebration of national identity with the Bicentennial of the Consitution and its own very particular type of son et lumiere in the shape of the Iran-Contra hearings.

Forty years into the postwar period, the war itself and now its aftermath (with the recent celebration of the fortieth anniversary of the Marshall Plan) has led to commemoration whether with pomp on the beaches of Normandy or in the turmoil at Bitburg. What was the past to be buried is now emerging as the past to be confronted. Significantly in ways that are now more cultural than political, each European country (East and West) is increasingly intent on

assessing the irreparable damage done to its own culture by the loss of the powerful leaven of European Jewry. Europe seems to have reached the forty year identity crisis of adults looking back on their life and asking themselves metaphysical questions as to the ultimate "meaning" and value of their accomplishments. History and culture have taken the upper hand over sociology and economics in national representations.

But what are the implications of these changes for European-American relations, do they point to a slow cultural disruption? Are they further proof that both sides of the Atlantic are increasingly engaged in a marriage of reason, with passions turned elsewhere? Are they symptoms of nostalgia or stirrings for a new European vibrance on the one hand and American isolationism on the other? Can a return to national European identities or even the timid emergence of a single pan-European identity strengthen American-European relations or is it instead a source of worry?

Behind this new primacy of culture there are several nagging implicit questions. Can America ever shed her historical and constitutional exceptionalism and learn to interact with the rest of the world as one country (albeit superpower) among many, leaving aside her moralizing tone and frequent highhandedness? Can European nations celebrate their pre-democratic historical past, their deepest national strains with impunity for their current democratic and Atlantic allegiance? Or is there an as yet imperceptible cleavage that is developing between those countries for whom democracy lies at the heart of their own national tradition (the United States and France, and not England despite her primacy in the creation of the parliamentary tradition) and those other countries for whom democracy is a useful working process but a definite graft onto their own national culture?

Have we reached the point in Europe's postwar identity where the celebration of the past, and the tapping of all national cultural veins has become risk free for a strong democratic identity? Or should one give weight to the non-democratic or a-democratic cultural/political priorities of many young Germans obsessed with the (ecological and nuclear free) purity of their own territory and its translation into "better red than dead", feelings echoed in part by a Die Zeit editor trying to be reassuring in stating that as long as there was no economic crisis, Germans would still accept to be of the West? Or what should one make of Galli della Loggia's assertion that Italians have embraced democracy "faute de mieux"? Is it useful to distinguish between those countries who espouse democracy as essence and those who instead adhere to it as process? Is there still a problematic twinning between culture and democracy?

To understand the current situation, it is important to place it in a historical context and to see that it marks the end of the economically determined socio-cultural universalizing categories of the postwar period. Indeed what we are witnessing on both sides of the Atlantic is the relativization of the World War Two caesura, and the concomitant realization that, beyond the traditional humanistic rhetoric, we really are the children of a pre-war order whose cultural givens still impinge on our most fundamental world views. It is as if the two universalist generational pursuits of the postwar period, the modernizing optimist and the radical pessimist had given way to a much more historically modest and relativist world view, one in which national traditions and identity act as metaphysical anchors. One can characterize the postwar period in three cultural phases: 1) modernization as culture which prevailed from the end of the war to the mid-1960's; 2) radicalism

as counter-culture which prevailed in the decade 1965-1975; and 3) the current period in which the political and historical confrontation with national pasts is yielding to the past as Culture.

1. Modernization as Culture

Like many militant zionists who claimed that "Culture led our fathers to the gas chambers" most Europeans in the immediate postwar period were more than willing to leave high Culture on the side with the implicit feeling that it had been useless in undermining national hatreds, when it had not actually exacerbated them. Humanism seemed to have died at Auschwitz. Victors and vanquished were most eager to repress the past and converted the urgent task of Europe's economic and social reconstruction into a new cultural vision. In a social democratic conjugation of democratic impulses with a new economic fervor, culture took on a mass life style aspect and forfeited its historical elitist connotations.

For most of the postwar period, therefore,in any analysis of American-European relations, social and cultural trends were treated under the same rubric and often considered as mere appendages of the almighty new god of economic growth. Society was perceived as a force that could be shaped by economic development while culture (increasingly equated with anthropological and life style connotations and deprived of a capital "C" and its philosophical and historical presuppositions) was perceived as its reflection. The implicit assumption behind this view was marxist or at any rate determinist. If the social organization of society could influence the culture that it produced,

proponents of the American-Western European alliance assumed that as Europe modernized and shed her traditional often authoritarian and conflictual social and political structures, she too would embark in a culture of consensus and abandon her perennial clashes and cleavages. Society and culture would thus reflect the well-being that a sustained economic growth was assumed to guarantee. Cultural specificity and the weight of history were only seen as barriers to be lifted in the creation of transnational post-industrial societies. Significantly this anthropological vision of culture predominated both on the Left and on the Right: mass access to culture, as the final form of a new socio-economic welfare system predominated over culture itself. The accent was on the future; the burning past, an unhealed wound, was best left untouched. As Europe modernized at an unexpected pace, surpassing prewar economic levels in less time than the experts had hoped she would take simply rebuild, a consensus emerged that the postwar era was qualitatively different. Old cultural categories and traditional national configurations could no longer apply.

The American model of political pluralism, non-ideological social organization, and mass culture slowly penetrated European mentalities, with the concomitant assumption that advanced industrial societes could only be similar. Any marked political or cultural differences could only be attributed to each country's more backward sectors. In such a modernizing context, books treating communist "culture" or the "moral bases of backward societies" and cultural/sociological life styles in general replaced the older historical, moral and philosophical analyses of "nations."

It was in such a context of apparently triumphant transatlantic modernization that the concept of the "end of ideology" came into fashion in the

late 1950's just as the German SPD abandoned the language of class conflict at its Bad Godesberg conference in 1959, and at a time when newly affluent British working class voters seemed to be voting Tory, and when the Italian Canter Left experiment begun in 1962 was first being envisaged. The "flattening" of old historical socio-economic differences had its cultural counterpart in the new structuralist, "cold" and culturally relativist readings of societies. Humanism, and historical culture as the relays of national "meaning" seemed to be equally dead.

In this general description, however, one must give France a special place. Although she partook both of the modernizing hopes and of the new structuralist ideas (by actually producing them in most instances), France was to lead her own solitary path, given de Gaulle's insistence in stressing her specific national "grandeur" and sense of mission. The French national identity both in political and strategic terms was thus reinforced precisely at the time in which America and other European countries were instead subsuming theirs in the name of new transnational trends. The deepest positive implications of what was then perceived as France's disruptive and dangerous solitary posture, are being felt today precisely at a time in which national cultural identities have once again become crucial issues.

II. Radicalism as Counter-Culture

The onslaught of the new left in the late 1960's and early 1970's was originally perceived as having dealt a deathblow to the "end of ideology" theories of the optimistic late 1950's. With a greater time perspective we can

now see that even though the return to political radicalism and voluntarism and the rise of militant new lefts both in Europe and in America seemed to contradict the credos of the modernization theories, radicalism as counter-culture shared many of the same cultural assumptions of modernization. In both cases social and economic determinants remained primordial and culture remained anthropological in essence. The same elements of the equation were simply inverted. The modernizers had given the primacy to economic development, assuming that society would follow. Caught by surprise by the new radicalism, they blamed a too rapid and uneven modernization as the root cause for the return of political ideology and left-wing manifestations. The radicals instead gave primacy to society over economic imperatives and wished to bring on a counter-culture that was every bit as cut off from the past and from humanist high "Culture" as the sleek modernist culture of the modernizers. In both cases social-cultural trends still remained intertwined and were related to an economic setting characterized this time by economic sludginess as opposed to growth.

As for culture, often equated with "counter-culture",it continued to be seen as subservient to society's own jagged development. Radicalism in its American and European incarnation was still perceived as a transnational phenomenon, a common response whether in Berlin, Paris, Rome, Berkeley or Columbia to modernization and its discontents. "The Movement" was to be every bit as non-national as the advanced industrial societies it sought to dismantle. Thus the social sciences did not come under attack in the name of a newly rediscovered humanism but in the name of a semi-marxist radicalism that was even more anti-Culture with a capital "C." It is significant to stress that as the

Left matured after 1968 into two different strands, a political and a counter-cultural, both should retain this international orientation. Eurocommunism, Eurosocialism and even Euroterrorism appeared in the 1970's as the only response to a modernizing culture that seemed to have destroyed all the conceptual meaning in a national identity. Significantly, the advent of radicalism did not cut off European-American cultural links since the new anti-Americanism emanating from the Vietnam war and from a quasi marxist critique of society's development was shared by the same groups on both sides of the Atlantic, just as the American model had been shared by the modernizers.

If both modernization and radicalism aspired to universalist tendencies on both sides of the Atlantic, then where did the new trends toward nationalist culture and history find their rooting? What happened in the 1970's that upset the universalizing certitudes of both modernizers and revolutionaries?

The Past as Culture

The generation that produced the radical revival of the late 1960's was also responsible for the opening of the secret closets of each national past. Paradoxically however, while it dreamed of revolution and social utopias, its confrontation with the past was not "programmatic". It was rather the unintended result of an intense emotional malaise with respect to the parents'generation. The young people of 1968, protected by birth from the reality of World War II, looked into the dark years of Europe at first as a mere rhetorical way of finding ammunition for their accusations against a "repressive" parental regime and society. It was a measure of the ahistorical climate of the 1950's and

1960's that French students in 1968 could equate the French riot police (C.R.S.) with the S.S. or compare themselves to German Jews. Fascism and Nazism became household words in an erroneous flattening of history but in the process however, the generation of 1968 lifted the lid on the past with its taboos and began delving into the underside of its own national history, looking for unvarnished and even disagreeable truths.

The counter-cultural strain of 1968 would lead in the 1970's to a growing taking into account and open confrontation with the prewar and war past. In France, the Occupation was revived through such films as Marcel Ophuls' The Sorrow and the Pity and Lacombe Lucien; in Italy Fascism was evoked in Bertolucci's The Conformist, and in Germany, the Nazi and postwar occupation past slowly emerged with a new film generation dominated by Fassbinder, especially in his Marriage of Maria Braun. A similar encounter with the past also took place in America when the McCarthy years and the American radical tradition were once again revived, with equally symptomatic even if artistically minor films such as Reds and Julia.

Evoking and exorcising a forgotten past in the wake of 1968 was an essentially political act whose generational repercussions could still be shared on both sides of the Atlantic. For the past to become Culture (once again with a capital "C"), and to be perceived as the determinant element in shaping each nation's future, and therefore as a potentially divisive force, the entire transnational edifice of the postwar period with its socio-economic hopes had to be questioned. This took place starting in the mid-1970's when cultural and strategic factors converged to undermine the last international incarnation of these modernizing hopes, detente.

In a paradox of sorts, 1968 marked the end of non-ideological reformist hopes both in the West and in the East with the suppression of the Prague spring, but it actually reinforced an era of superpower co-operation which transfered these hopes to the level of international relations. Because the West did not budge when the Soviet pact "normalized" Czechoslovakia in 1968, thus effectively recognizing the division of Europe into two blocs and Soviet legitimacy over its side, the way was opened for greater co-operation between the superpowers, and its correlate, greater intra-European co-operation. The new encounters stemming from detente between Eastern and Western Europe, were supposed to take place in the realm of economic and technological exchange; cultural and social links in such a modernizing vision, were assumed to follow in a typically subordinated fashion, but the culture in question was clearly that of life styles and not of "essence."

The ultimate victor of this short-lived period of detente turned out to be Culture, not the "superficial" consensus variety envisaged by the official exchanges for whom Prague in 1968 had only been an "incident de parcours", but that which made Western Europe realize its quintessential spiritual identity with Eastern Europe, an Eastern Europe increasingly perceived as captive. Detente had led many to hope that the Eastern bloc would evolve toward greater freedoms, a hope whose highpoint was marked by the signing of the Helsinki accords in 1975. Subsequent Soviet failure to comply with the human rights provisions of these accords, combined with the growing adventurism of Soviet military power (in Angola and later in Afghanistan) only confirmed the anti-totalitarian reading of Soviet reality strikingly brought home for a new postwar generation and for the Left this time, by Solzhenitsyn's Gulag Archipelago.

The current return to the primacy of culture in Europe over social and economic change is the child of both detente hopes and post-detente despair. The repression of dissidents, the stifling of cultural life in the East as well as in the Soviet Union itself, made all previous modernizing references to a sociological rapprochement between East and West (the convergence theories of the early 1960's and their detente translations) ludicrous. Culture suddenly became the only conceptual handle that could both unite East and West while also measuring the full human implications of the abyss in their political and socio-economic differences. It is this new "discovery" (for the Western Left this time as well as for the Right) of Eastern Europe not only as a victim but also as a central stake in Western Europe's own identity which became the crucial new component in the geo-strategic considerations of the 1980's.

This new European awareness of the Soviet Union as a threat should have been tallied as a positive element in the ledger of European-American relations were it not for the fact that it led to quite diverse consequences in different European countries. As Culture became a reality of its own cut off from the socio-economic hopes of the postwar period and of detente, it became the perfect filter through which each country could reassess its relationship to its own past, and to the American component of its postwar itinerary. Paradoxically, just as the liberal democratic values which lay behind the term "West" received full validation with a major critical assessment of the Soviet Union, "Europe" (and not just Western Europe) emerged as the key new reference in the return to "Culture." Culture became to a large extent a new source of tensions between Europe and the United States precisely to the degree in which "Europe" was judged to be compatible with or different from the term "West."

The decline of detente produced this conceptual "West"/"Europe" cleavage in European-American relations. But the ultimate implications of this cleavage transcend strategic considerations and touch the deepest roots of the cultural differences between Europe and America. For all of its support and concern, America has tended to perceive the problems of the "other" Europe in purely ideological terms. Its emotional ties to Eastern Europe are minimal compared to the passionate relationship it still entertains with Western Europe (as shown with every snag and crisis within the Alliance), a relationship America will never have with the Pacific Basin no matter what the trade figures show. In America, the plight of dissidents was the cause for human concern and mobilization, political accusations and for a clear appreciation of the fruits of liberty.

Western Europe's link with Eastern Europe is infinitely more complex. The very conditions of life of the dissidents, the literature they produced and the courageous stands they took were so many confirmations that somewhere, Europe's deepest philosophical values and cultural identity were to be found precisely on the "other" side far from the contented media driven banalities of the West's success. Modernizers and radicals gave way to nostalgics with a sense of mission. Europe's "Western" commitment could be reiterated on the level of mundane socio-political economic and strategic matters, but somewhere, her loftiest values and her truest historical battles and expressions were to be found in the human and literary production of the East. For Western Europeans, Eastern Europe contained a hidden long lost truth about themselves; for Americans instead it only proved the validity of their own views. More than anything else this fundamental difference of perception can explain the gradual separation in European-American cultural trends.

But within Europe itself, the dissonance of cultural priorities and national metaphysical questions is such that one can wonder whether it is more appropriate to stress their similarities or differences. For the sake of clarity and because of their major importance I shall confine myself to a comparison of the two key Western European actors, France and Germany in their cultural itinerary and its implications for European-American relations.

France and Germany: the geography of values versus the value of geography?

France and Germany are the perfect incarnations of the double-edged implications of culture in the European identity. Their inversely symmetrical itinerary within the Alliance which led them to trade their status by the early 1980's- France becoming the stalwart ally and Germany the troubled and troubling partner-is the direct result of a search for fundamental values and identity in a Europe in transition. The same cultural political developments had different repercussions on both national contexts, because national identity meant such different things in each country. In France it was intertwined with democratic universalism through the revolutionary tradition and with the sense of a hallowed past, whereas in Germany the contemporary division of the Nation could only be perceived as one particularly painful chapter in a long history of a splintered national identity in search of its stable territorial base, a quest best known as the German "question."

The cultural and strategic metapmorphoses of the 1970's were most beneficial to France (and to French-American relations) while they could only render Germany more fragile. In cultural terms, the impact of the Gulag

revelations and the Soviet Union's aggressive anti-human rights behavior transformed the French intellectual context and subsequently the Left itself. As the very bases of the Russian revolution with its anti-pluralist totalitarian elements were stressed (as opposed to its subsequent stalinist degradation) in explaining the nature of the Soviet system, the implications were bound to boomerang on the "mother" of all modern revolutions, the French Revolution. French intellectual and socio-cultural trends in the 1970's thus converged in a new more open adherence to formal democratic values, and in a questioning of traditional left-wing revolutionary ideology. The Soviet model was rejected and in its place emerged America as a positive reference point, both for its social dynamism and democratic culture. Anti-American in its cultural and national orientations under de Gaulle, France thus became the only European country where the "successor" generation was more favorably disposed toward the United States than its fathers. The high point of this "pro-Americanism" was reached under the Socialist government of Francois Mitterrand, where France became (for its own national interests) a stalwart American ally and a crucial Western bastion in the Euromissile debate of the early 1980's.

It is important to dwell on the reasons for this growing Franco-American entente because they are unique to the two countries and cannot be reproduced elsewhere in Europe. First of all, France's pro-Americanism today would not have been possible without the Gaullist crystallization of a strong nationalist identity in the postwar years. By giving France a sense of national "purpose" and a strategic identity at a time when other Western countries were still imbued exclusively with the twin ahistorical gods of economic and social modernization, de Gaulle preserved France's vital link to her past and did not

make French history and culture symbolically incompatible with the achievements of the 1960's.

Secondly, and most important in the long run, France and America are the only two countries whose (modern in the case of France) political and national identity is anchored in the universal precepts of the Enlightenment and its political correlate, Democracy. Although throughout most of the 19th and 20th centuries French democracy defined itself in terms that were highly incompatible with the American democratic tradition because of the strong opposition to democracy and the Revolution in many sectors of French society and later because of the major pull effect of the Russian Revolution, the implementation of the democratic ideal was very much the guiding thread in both nations'history. Now that the left-wing revolutionary models have regressed and that French culture and society has opened to America,the two countries share very similar theoretical and social preoccupations as to the meaning of democracy.

Their historical twinning is made all the more visible at present by the long string of concomitant bicentennial celebrations of the 1980's which began with the battle of Yorktown and will reach a high point with the bicentennial of the American Constitution this year (plus the Bill of Rights in 1991) and the French Revolution in 1989. Indeed one could almost say that America and France have recently indulged in very much of an exclusive special symbolic relationship stretching over their common two centuries from Yorktown, to the major 40th anniversary D-Day celebrations (in which France played a determining role unlike in 1964 for the twentieth anniversary under de Gaulle), and including the centennial of the Statue of Liberty.

More socially and politically relevant, France, at last secure in the Constitution of the Fifth Republic, has come to share American like

preoccupations with the separation of powers and balance of powers at the political level. This is particularly visible in the interest generated in French political debates by the French Constitutional Council as a strengthened judiciary counterweight and in the deep interest manifested in France for the bicentennial of the American Constitution. At a social level, France in coming to grips with the immigrant question is confronting the full implications of its universalist democratic identity, in ways that can be best compared with the American experience. Despite the very real economic, strategic, and political clashes that inevitably arise in the day to day dealings bewtween the two countries, it is important to realize to what an extent for France and America, returning to their essential national identities, means returning to the same universalist democratic heritage. What used to be the rhetoric of diplomatic banquets has now become a cultural reality based on the geography of values.

No similar dynamic cultural-political twinning can be found between America and other European countries, not even with England, America's "mother." Germany's cultural distancing from America has been as spectacular as France's rapprochement. Confronted with a broken national identity straddling the East-West divide, cut off from her past by the Nazi caesura, Germany plunged into the ahistorical culture of modernization of the 1950's and 1960's as the only possible identity. Democracy, Americanization and modernization were the three pillars of her postwar commitment, and all three had only tenuous roots with her national past. When modernization was contested starting in the late 1960's, anti-Americanism was not far behind, and democracy, lacking all the symbolic and historical charge of a French or American setting, rapidly became a process, a meer pragmatic vehicle (and even then contested by many whether Green or

terrorist) for far deeper questions of identity, whose roots lay in a field of historical and strategic taboos.

Detente had promised some relief for the German identity by permitting bridges between the two halves of the Nation. Its end and the subsequent anti-totalitarian thinking that had galvanized France into a closer relationship with the United States left Germany in a highly precarious position. Having a piece of herself in that "other" Europe the West was rediscovering with passion, she could not afford to antagonize the Soviet power on whom her national cultural unity depended. She was therefore more than diffident of the East-West disequilibriums generated by Polish passions, at a time when France, because of her renewed commitment to formal liberties, embraced the cause of Solidarnosc.

As for the links with America, their very intensity in the 1950's and 1960's, could only make them become relatively weaker with the passing of time. And it has been precisely in the realm of culture that this distancing can most be felt. Since in the 1950's Germany virtually embraced the modernizing anthropological notion of culture, along with American-like institutions and models, all return to her own cultural preoccupations could only be perceived as a distancing from America and her values. It is unlikely that the bicentennial of the American Constitution will elicit in Germany the same cultural and intellectual interest as in France where it is now perceived as a key document and has led to wide scholarly and intellectual debate. According to Dieter Boll, a Die Zeit editor, in Germany especially among the intellectuals there has been indifference or the desire to stress the Constitution's flaws, its silence over slavery and the fact that one had to wait until 1791 for a Bill of Rights.

This Franco-American democratic festschrift does not lie at the heart of Germany's current preoccupations with her own deepest national identity. This

identity can find no equivalent sounding chord in the American setting, despite the common existence of nuclear-free movements. Democratic, constitutional or social issues are not the key components in this quest whose roots must be found in Germany's territorial split, and in her geographic position. Preoccupations with the territory, its purity, the link between nuclear fear and ecological pursuits, the crusade for the dying forests have taken on in Germany metaphysical national connotations which other ecological groups elsewhere have lacked. And even though much ado was made recently over a book in which a German journalist lived for two years disguised as a Turk presenting from the inside all the horrors of being a gastarbeiter in Germany, the stir was based on humanitarian grounds. It did not hit at the core of German cultural preoccupations as the immigrant question has in France. The Turks for all of their physical presence in Germany were simply not part of her own cultural definition. For all of its provocative crudity, Daniel Cohn-Bendit's quip that at times he felt it was easier to mobilize Germans to save six million trees than six million Jews depicts the latent tension between humanitarian and Germanic concerns, even among a people now imbued with peace, and third Worldist angst.

The values of geography and of history cannot be sacrificed with impunity on the postwar altar of ideological divides. Leaving aside all political implications to focus only on culture, symbols have their weight. A Franco-German meeting of international relations and political science experts was held in June in Hamburg to discuss ways of strengthening Franco-German co-operation in all areas, whether technological, cultural, economic, diplomatic and military. The French expressed their fears of weakening bonds, and the Germans

reiterated their Western commitment. But the two deepest cultural messages were outside the meeting rooms. Hamburg's historical and economic strength and self-confidence were incarnated in the powerful Hanseatic Rathaus where the meeting took place and in the impressive statue of Bismarck nearby. And the entire lobby of the Rathaus was taken over by a major exhibit which celebrated in bold positive tones the 70th anniversary of the Soviet Revolution in Hamburg's neighboring sister port city, Lenigrad. A similar city run exhibit in Paris that same week was celebrating the 70th anniversary of the arrival of Pershing's troops in World War I. As Germany seeks to give itself once more a positive cultural and historical identity, there will be many more references to Hamburg, to Prussia, to Bismarck, and to her "Eastern" links, all of which will produce a concomitant feeling of detachment if not unease among her Western partners.

The extreme cases of Germany and France would not merit such close scrutiny if they did not point to the key questions that must be raised for any debate on the current nature of American-European relations. Can the present introversion into one's own national past be only a passing necessary phase of national psychological reconstruction on the way toward a more serene European identity? Will the very real similarity in the social organization of Western societies, in the common economic perceptions of European-wide problems gain the upper hand and relegate today's burning cultural questions to the "pre-history" of a new common EEC identity, one in which social and cultural trends will once again be coupled? Will Gorbachev with his new reforms and "look" strengthen the inherent tension between Western and Mitteleuropean sentiments on the part of France and Germany, as each strives to act on behalf of "her own" Eastern

Europe? Will America encourage this tension between "West" and "Europe" by giving the impression that she will give top priority to superpower arms accords to the detriment of Western European strategic worries and human rights considerations in Eastern Europe?

One thing is certain. America will have to learn to live with a Western Europe whose geometrie variable will be above all cultural. In a hierarchy of European-American tensions, the old bilateral and the new EEC political and economic differences will appear to be nearly manageable, the very result of a postwar transatlantic dream of socio-economic kinship come true, compared to the divisions over strategy with their powerful cultural substrates. In Europe, the EEC may one day conquer outer space but only a complete Europe "from the Atlantic to the Urals" can conquer the imagination.

(6)

WHATEVER HAPPENED TO NATO'S OUT-OF-AREA PROBLEM?

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DRAFT: Please protect accordingly

Whatever happened to NATO's out-of-area problem, so called? It was out of fashion with strategists for a season or two, then became terrorism, now is back again in familiar debates about the military roles of the allies in the Gulf. The current round of debate is a reminder that the set of issues clustered uneasily under the label "out of area" will not go away. Soviet misbehavior will again mix up with internal instability in regions beyond Europe. When those regions have resources or allies or historic significance for one or several NATO members, those issues will affect the Alliance as well. Indeed, they seem likely, in the future as in the past, to pose more serious threats to the Alliance than security issues inside Europe.

Yet not everything about the issue is the same old story. Out of the limelight, things have happened. In particular, the American governmental machine has become seized of the problem over the last few years. That machine, cumbersome and fractious, is often slow to turn to a new problem. Once turned, however, and particularly once "metal is bent" -- once plans start becoming hardware -- it is not as quickly diverted as the fashions of strategists. So, too, the allies have begun to develop an approach to issues outside Europe, within but mostly outside their formal Alliance. That offers some hope that the next crisis will not find the allies in disarray. Yet the debate over the American reflagging and then protection of Kuwaiti oil tankers in the Gulf indicates the limits of that informal cooperation, and it demonstrates how easy it is for the American

response to become the focus of inter-allied debate, rather than the nature of the security challenge.

The Shadow of History

For openers, a few historical reminders are apt. The term "out of area" is particularly infelicitous even for an Alliance in which infelicitous jargon abounds. It suggests both that there is an area and that the rest of the world is "out" of it. No doubt that connotation appeals neither to the Europeans who are located in the action nor to those in the rest of the world who are defined as out of it (although sometimes that status must appeal to those who can remain "out"). At one level, of course, the term "out of area" only reflects the geographical limit of NATO to areas north of the Tropic of Cancer.[1] The last refuge for those allies discomforted by discussions of "out-of-area" issues is to try to kill the conversation at birth by declaring that since NATO as an alliance is limited to Europe there really is nothing to discuss.

The out-of-area issue is hardly new. In fact, in a very real sense, it was such an issue -- the Korean war -- that touched off the American military build-up and allied cooperation that turned NATO from a set of security guarantees into a real military alliance, even though NATO as an institution was not involved in Korea.

At the same time, a cursory review of that early Alliance history shows just how divided the allies have been over security issues outside Europe. Then, it was the Europeans exhorting

Washington to pay more attention to security issues beyond Europe and the United States hanging back, fearing it would be drawn into the residual colonial conflicts of the major European powers. Indeed, the original geographic limitation of NATO came at American insistence, not European.

The shaping of the North Atlantic Treaty reflected these varying European and American interests. France, for example, pushed for the inclusion of Italy, at the time problematic, because the French wanted to extend the Alliance into the Mediterranean, thus strengthening the argument for the inclusion of then-French Algeria. There was also the notion of an alliance with three categories of members: a core group, plus associate members linked by strictly military relations (Portugal) or given one-way aid in return for limited cooperation (Sweden), plus a more peripheral category of, for example, former colonies. The idea appealed to some Europeans and also to some Americans, though to the latter for different reasons: it would have provided for a differentiated link to, especially, Portugal, an ideological outcast from which the allies only wanted real estate in any case.

However, American Undersecretary of State Robert Lovett derided the idea as "resident members, non-resident members and summer privileges," and it never was a starter.[2] Leaders at the time recognized that it would have permitted countries to have most of the benefits of full membership at less cost and responsibility -- thus institutionalizing temptations toward

free-riding. StiII, it is intriguing to speculate about how the issue of security threats beyond Europe would look now if NATO had developed in such an expanded form.

The United States declined to intervene beyond Europe again and again, despite Korea: in 1949-50 it resisted a British call for a commitment to defend Southeast Asia; in 1954 it decided not to come to the aid of the beleaguered French garrison at Dien Bien Phu; and still later in the decade it rebuffed General de Gaulle's call for a directoire of Britain, France and the United States to set common global policies. Suez was the most searing episode of this series, given both the special Anglo-American connection and the fact that Britain and France were at war. From it the three allies learned quite different lessons, ones that have run through more recent episodes: the United States became determined that allied tails should not again be permitted to wave the American dog, especially not in the Middle East; while, as the saying has it, Britain decided that it should never again mount a major operation without the United States, and France that it should never do so if American support was necessary (a lesson it regarded as reinforced in 1984 when the United States abruptly withdrew its garrison from Lebanon without consulting its allies in advance).

The early episodes, cast against more recent history, suggest that arguments are the same but which allies hold which side changes, with Europeans and Americans in their turn pressing for involvement beyond Europe. These past disagreements serve as

an antidote to the sense, frequent in commentaries on the Alliance, that current strains are novel when compared to a past that was somehow a golden age of agreement. They also suggest caution in assuming that Europeans or Americans have a monopoly on wisdom in any particular case. Most Europeans, even most Britons, probably would now agree that the United States was right about Suez, just as most Americans are now persuaded that Europeans were right about Vietnam.

Finally, the out-of-area label covers a diverse set of issues, a reminder that recent debates make even more apposite. In that sense as well, the label confuses more than it enlightens, for there is no place called "Out of Area." It is useful to distinguish among three categories of issues under that label.[3] One is disputes over former or remaining "colonial" territories, such as the Falklands/Malvinas. These are hard to foresee, and the allies not directly involved are bound to hope that the disputes will be over quickly.

A second category is crises that are regarded as critical by one or another ally, and so become indirectly related to Alliance security as a whole. Central America is a current example. There is a visible European-American fault line over the implications of that region's crisis for international security. Just as visibly, however, European governments have an incentive to mute their criticism of the United States because European stakes in Central American are so slender by comparison to their interests in the alliance with Washington. There is no

"solution" to the European-American disagreement, but both sides have reason to contain their differences of view.

Direct Effects: The Question of Terrorism

The third category is the most crucial. It comprises issues that all allies would agree have direct effects on Alliance security, even if those allies disagree about what to do. For the near future, those direct effects seem likely to be most at play in the region of the Persian Gulf and Middle East. Only there will the elements of strategic importance come together: adjacency to NATO members and to the Soviet Union, the imperative of oil coupled with differing European and American vulnerabilities, and the presence of Israel as a strategic ally, especially to the United States.

One question for discussion is whether other issues might become harder to contain in inter-allied discussions, and so slide into this third category. As southern Africa's agony unfolds, for instance, the allies surely will be affected in different measure, differences that might be magnified in their internal politics.[4] Unilateral actions by different nations, perhaps most likely the United States, will provoke strain; indeed, they already have, for the United States has enacted sanctions against South Africa of which most European governing establishments are skeptical.

Yet southern Africa's minerals are not a strategic stake to compare with Gulf oil, nor does the East-West competition in the region seem a preoccupying strategic interest. In this sense,

while the allies may be differentially affected by events in southern Africa, none of them will be all that much affected. Or such is my hypothesis, to be tested in discussion.

From the perspective of the end of the 1980s, terrorism appears a harder issue, for it does straddle the second and third categories. It is in the second because terrorist threats or actions will affect particular allies, at least at any given time. And so those nations will be tempted to take unilateral action, even to the point of cutting deals with terrorists, and those actions will be deemed understandable to their allies, at least in some degree. The secret American arms sales to Iran in 1985-86 are the most striking case in point, but similar desires to protect or recover hostages have been reflected in French or German actions as well.

Yet terrorism is in the third category because there is no gainsaying its direct effects on alliance security. It <u>is</u> a security issue, for what could be more so than the ability of sovereign nations to protect their citizens (although why citizens of any ally who are foolish enough to stay in Beirut should deserve protection is a puzzle). If cutting separate deals is understandable, it still seems lamentable: terrorists, acting from weakness, are bound to pick on the target most likely to be vulnerable, hence solidarity in the face of such threats is critical.

The pattern of events leading to the American bombing of Libya in April 1986 is tiresomely familiar in Alliance history:

the United States identified a problem and framed a response; the major European states agreed, more or less, with the identification of the problem but expressed reservations about the response; those nations then moved over time to take more action, although still less than the United States desired, as much from a desire to forestall a U.S. military strike as from conviction that the action made sense; and in the end they got just the military strike they had feared.

In the wake of terrorist attacks at the Rome and Vienna airports in December 1985, the United States, alleging Libyan complicity, put together a broad package of sanctions against that nation. The EEC countries, whose trade with Libya in 1985 amounted to $10.2 billion and who had some 40,000 citizens working in Libya, reacted coolly. In January 1986 they declined to follow the U.S. lead but did pledge not to undercut American sanctions; they also imposed a ban on arms sales to countries that are "clearly implicated in supporting terrorism," although they stopped short of mentioned Libya specifically. In March, stepped up U.S. naval exercises in the Gulf of Sidra resulted in clashes between the United States and Libya; two Libyan patrol boats were destroyed, and Libyan leader Muammar Qadafy vowed retaliation.

At this point, western European leaders criticized Libya but also expressed concern that any American military action would be counterproductive; for its part, the Reagan Administration admitted frustration with the tepid European response. On April

3 a bomb went off on a TWA jet, and on the 6th U.S. servicemen and civilians were killed when a bomb exploded in a West Berlin disco. The Administration sent a representative to Europe to round up support for military action; France and the Federal Republic each expelled two Libyan diplomats. On the 14th the U.S. struck, both with carrier-based aircraft and with F-111s based in Britain; British Prime Minister Margaret Thatcher had permitted U.S. use of British bases, but France had refused the F-111s permission to overfly France.

The American strike was widely popular in the United States (and, paradoxically, in France), but opinion polls in Britain and Germany recorded two-thirds to three-quarter majorities opposed to the bombing. After the fact, the consequences of the action were, again typically, controverted: by most counts terrorist incidents did not diminish but major attacks on American citizens did. American tourists stayed away from Europe in droves in the summer of 1986 (although the falling dollar probably was more of the reason than fear of Qadafy). In most respects, the strains of the affair were short-lived, perhaps because even if many Europeans disapproved of the raid, they could hardly fail to sympathize with the anger that the West Berlin bombing had aroused in the United States. Mrs. Thatcher, for example, was first thought to be in electoral trouble because of her support for the raid, but she was re-elected handily in June 1987 in a campaign in which the incident scarcely figured.

Focus on the Middle East and Gulf

In the years after the fall of the shah propelled out-of-area questions to the fore, much of the debate between Europeans and Americans (and within both groups) was stylized, tedious and unproductive. Real differences of view have been obscured, not sharpened. When Europeans have warned against the danger of importing an out-of-area crisis, like Afghanistan, into Europe, Americans have pointed at who started the crisis in the first place. When Europeans have worried that American forces constructed for contingencies in the region will be too small to confront the Soviet Union, yet so big as to pose a threat to states of the region, hence will be destabilizing rather than the reverse, Americans have responded that some force surely is better than none.

When Europeans have argued that the United States was prone to give too much pride of place to military instruments in dealing with turmoil in Southwest Asia, Americans have retorted that military power had to be some part of the response. And they would have asked just what there was, anyway, in the box Europeans labelled "political and economic" measures. When Europeans have pressed the United States to be more venturesome in seeking movement on the Arab-Israeli conflict, Americans have responded that even if that conflict magically were "solved," there still would be sources aplenty of tension in the region. And so on -- and on.

Plainly, some of these differences between Europeans and Americans, and within each group, are real. They reflect

differing capabilities, interests and domestic politics, in a mix that is hard to sort out in any given instance. Europeans do have a stake in stability along the East-West divide in Europe that, while shared in principle by the United States, has a concrete force for them it does not for Americans. In the aftermath of the Soviet invasion of Afghanistan in 1979, for example, German and other European officials constantly echoed the view that the Soviet invasion was a grave matter, and the West had to react strongly. Yet another view of the threat, seldom explicit, broke through the surface of the debate. In that view, Afghanistan mattered but did not change the basic East-West balance. Soviet weaknesses remained. Besides, the invasion owed something to Western policy: to signals of disinterest in the fate of Afghanistan after the April 1978 coup and to America's inability to provide much by way of positive incentives for Soviet restraint in Soviet-American detente, for instance by getting SALT II ratified. This view also stressed the interest in protecting European detente even in a time of superpower tension, an obvious reflection of the different stakes between Europe and America. The West should not be the first to import tension into Europe from outside it.[5]

Or, the United States does have a complex of domestic politics surrounding its relations with Israel that has no close counterpart in European domestic politics, with the very special exception of the Federal Republic. And even if the Europeans should agree that military measures beyond Europe have a role to

play, only Britain and France have much to contribute.

Europeans are more dependent on Gulf oil than the United States, even if that difference as well as its implications often are caricatured. The United States and its major European allies all depend on oil for about half their total energy requirements. However, in 1979, for instance, oil imports accounted for 45.7 percent of total oil consumption for the United States but 100 percent for the Pederal Republic, 80.7 percent for Prance (and 45.5 percent for Britain, a number that was declining as North Sea oil came on stream).[6] Of those imports, only 38.7 percent came from the Middle East (including Libya) for the United States but 72.2 percent for France (and 41.9 percent for Germany). Thirty percent of American oil imports came from the Gulf, as against 62 percent of European imports.

Declining oil prices, especially in America, in the 1980's muted the issue; indeed, a cynic (or a Marxist) would point to oil prices as the key determinant of attention, or lack thereof, to security issues in the Gulf. Yet the basic difference will remain: particular European countries have somewhat different interests in imported oil, but generally imported oil, and imported oil from the Middle East and Gulf, are more important to them than to the United States. On its face, it is not clear what that difference of interest should imply for European policies. Americans are tempted to argue that it should make Europeans even more attentive than Americans to threats to the supply of Gulf oil, hence more prepared to take action to address

those threats; after all the oil is, in an important sense, more crucial to them than to the United States.

Yet since the oil is essential for them in the short run, that becomes a constraint; for the Europeans, the short run imperative is likely to dominate longer-term interests. By contrast, the United States, less immediately dependent, has more freedom for the maneuver. Hence policies like those pursued by France after 1973 -- a staunchly pro-Arab stance, coupled with efforts to make bilateral oil deals with Arab producers and with firm opposition to any grouping of consumers that might be construed as hostile to producers -- were frustrating for American leaders, but they were not necessarily irrational from Prance's perspective.[7] They may have been short-sighted, but they were not irrational.

Yet little by little through the fog of the debaters' debate, the allies have come to agree that crises in the Gulf and Middle East do have direct effects on them and their Alliance. Crises in that region would spill over into NATO almost automatically. That was true of Vietnam, a fact that Europeans resented. The United States several times drew down in its garrison in Europe to send troops to Vietnam, and throughout it robbed operating budgets in Europe to finance the war in Asia.

It was true during the 1973 Middle East war when the United States asked permission to re-supply Israel through bases in Europe. Even Britain was reluctant. In Henry Kissinger's words, "Britain did not have to refuse permission because it was plain

that the United States 'should not ask.'" The episode occasioned Kissinger's bitter remark that the allies were "acting as if the alliance does not exist." The 1973 war also evoked the awesome prospect of escalation beyond the region when the Soviet Union seemed to threaten to intervene to save the Egyptian army and the United States responded with a global nuclear alert.

Recognizing these spill-overs does not settle the question what to do about crises in the Gulf and Middle East. It remains difficult to raise the whole issue in European politics. Constraints on the use of force by the Federal Republic, first imposed on it then written into its constitution, run deep into domestic politics. Among the smaller NATO members of northern Europe, distaste for military efforts beyond Europe is reinforced by limited capabilities and by older anti-colonial and anti-interventionist traditions. Even the British public, as one senior British defense official put it, "is losing the vocation for involvement outside Europe."

"Bending Metal" in the United States

Washington's answer to "what to do?" has been substantial, although much of it went unnoticed when the out-of-area issue passed from fashion. America's first reaction to events in Iran and Afghanistan was words, not weapons. In January 1980 President Carter declared that the Persian Gulf was a "vital" U.S. interest and that an assault on it would be "repelled by any means necessary, including military force." That set in train concrete steps that were expanded by the Reagan Administration.

The Carter Administration created the Rapid Deployment Force (RDF), later renamed the Rapid Deployment Joint Task Force and finally turned by the Reagan Administration into a full-fledged command, the Central Command (CentCom). While the United States had, even in the late 1970s, some military forces that could have been deployed into the Gulf, the RDF reflected the realization by Pentagon planners that the U.S. military had given almost no thought to what it might actually do in that region, and how. In peacetime, CentCom, located in Florida as a compromise in the absence of any possible Gulf location, remains a planning operation, bending paper not metal. It has no dedicated forces of its own but instead "borrows" existing forces for exercises and would ask to have those forces transferred to it in wartime. The fact that CentCom has no forces of its own underscores the spill-over to Europe since any forces assigned to it would otherwise be available for reinforcing Europe.

The RDF was derided as neither rapid, nor deployable, nor a force.[8] Yet it is far from clear that the epithet still applies, even though the United States has not created new forces. CentCom has given new missions -- and new life -- to the U.S. Marines. Moreover, the defense budgets of the Reagan Administration have included money for a range of improvements in airlift and sealift -- for instance, the United States has some 17 ships deployed at Diego Garcia in the Indian Ocean to pre-position equipment for Marines who would be airlifted in during a crisis. The new emphasis on mobility has begun to seep

into mainline military organizations, most visibly in the U.S. Army's new interest in light divisions.

The United States has also sought to improve its access to military facilities in or en route to the region. "En route" means Europe, especially the Lajes base in the Azores, another spill-over from out-off-area onto the Alliance. The United States has upgraded its base at Diego Garcia, and negotiated access arrangements and improved facilities in Egypt, Oman, Somalia and Kenya. That has been supplemented by security assistance to countries in or near the region. Egypt has been the principal recipient, and it now ranks behind only Israel as a receiver of U.S. assistance. In 1982 the United States agreed to improve airbases in Turkey. In exchange the United States will have access to those bases, but only with Turkey's agreement that the access is for NATO purposes.

Finally, the American military presence in the region, though still small, has increased. Egyptian bases, especially that at Ras Banas, now host some thousand Americans, and U.S. forces have joined Egyptian troops in the "Bright Star" series of exercises. American AWACs aircraft have been deployed to Saudi Arabia, along with about several hundred American personnel to operate them. The U.S. Middle East Force, based at Bahrain, has been improved. It is joined most of the time by a much larger U.S. naval presence in the region -- a carrier battle group (some six surface combatants) from the U.S. Seventh Fleet in the Pacific -- and sometimes by yet another carrier battle

group.

Implications for the Alliance

Question marks still hang over these efforts. One is access. American forces would depend on bases in the region. Would they get access in a serious crisis that regional states feared might escalate? Recent events are not encouraging on that score. Another question mark is the lack of new and dedicated forces for Gulf contingencies. That would not pose a problem in small operations -- helping particular regimes combat internal insurgencies, for example. But there would be sharp competition for forces -- and the potential for serious strain in the Alliance -- if serious fighting was a fact or prospect in several parts of the globe.

Yet these preparations mean that the United States can bring a formidable force to bear in the Gulf if it chooses. That was apparent in 1987. By May, even before the USS Stark was hit by Iraqi planes, apparently in an error, the U.S. had six warships in the Gulf, a carrier task force outside it and a battleship group en route. When the United States talks of military measures as a necessary, if not sufficient, response to threats in that region, it can quickly back up the talk with deeds.

In these circumstances, the inter-allied discussion resembled earlier debates; what was different, perhaps, was that American military action was a fact, not a prospect. Europeans were, as so often, better at criticizing than proposing: what, they asked, was the point of protecting the Kuwaiti tankers?

More pointedly, why did the Administration seem to be trying to pick a fight with Iran? To be fair, these questions were ones Europeans shared with American critics of the action, most notably in the Congress. Iranian attacks on tankers en route to or from Kuwait disrupted only one percent of Gulf oil. Indeed, over the course of the Iran-Iraq war, Pentagon statistics recorded 93 Iranian attacks on Gulf shipping but 223 by Iraq.

As so often in alliance history, the European reaction (like that of the U.S. Congress) was colored by earlier events. The reflagging seemed almost desperate, an attempt by a lame-duck president badly hurt by the Iran-Contra scandal to restore some credibility to his Administration. It came in the midst of European-American relations that were already strained over the course of arms control in Europe. And it seemed eerily reminiscent of events several years earlier in Lebanon, when the United States had embarked on a military deployment with little apparent thought where that course of action was headed.

Not surprisingly, it did not take long for Americans in Congress and elsewhere to ask what the Europeans were doing to help. Why not a multilateral force? After all, the oil supposedly being protected was pre-eminently that of the allies: Italy received 49 percent of its total oil consumption from the Gulf, France 32 percent (and Japan 59 percent), but the U.S. only 6 percent.[9]

Managing the Strain

The episode demonstrated how fragile was the progress that

the United States and its European allies had made in coping with out-of-area issues. The Europeans took the point early in the 1980s that more American attention directed toward contingencies outside Europe would mean that the Europeans would be called on to do more in Europe. That understanding was embodied in NATO's Southwest Asia Impact Study, an attempt to force NATO planning to come to grips with the need to offset possible diversions of American efforts to the Gulf. In that impact study and in recent NATO ministerial meetings, the formal Alliance at least took on board the need to meet threats beyond Europe and the implications for the Alliance of (some of) its members doing so.

Most of the rough bargain, however, has been worked out among those NATO members with stakes and with something to contribute. A major report by four institutes of foreign affairs dubbed this the "principal nations" approach.[10] It might be called, more colorfully, the "consensus of the willing." It is based on several recognitions: that several of the European nations have something to contribute beyond Europe, that there are advantages in informal cooperation among them and the United States, and, critically, that to leave the Gulf to the United States,in military terms, is to risk not only American policies the Europeans might dislike but also a political backlash against the Alliance in the United States.

Only Britain and France have forces structured for deployment outside Europe, though Italy is organizing a small such force, and several others send naval forces into the Gulf on

occasion. Other allies have bases and facilities to contribute in getting forces to the Gulf if need be. Britain deploys several ships into the Indian Ocean from time to time and has organized its Fifth Infantry Brigade for far-flung operations. Several thousand British military and civilian personnel provide training and other defense services in Saudi Arabia, Kuwait, Oman and other countries of the region. For its part, France still has the largest military presence in the region, at Djibouti, and sustains about a dozen ships in the Indian Ocean. France is developing a five-division Rapid Action Force, comprising 47,000 men. Given the taboo on out-of-area military deployments, the Federal Republic's contribution, other than bases en route, has been mostly financial--economic assistance to Turkey, Pakistan and other key countries in the region.

The value of some cooperation, loosely organized among the "willing," in military deployments beyond Europe has been demonstrated a number of times recently. The allies have shared facilities in American use of British-owned Diego Garcia and British use of the American base at Ascension Island during the Falklands/Malvinas war. The United States airlifed French and Belgian troops into the Shaba region of Zaire during 1978, suggesting that out-of-area cooperation need not be limited to the Gulf.

During the early stages of the Iran-Iraq war in 1980, the U.S., France, Britain and others maintained a naval presence in the region. That served to deter any expansion of the war. As

important, the multinational character of the presence diminished concerns of local states that would have been aroused by a U.S.-only force -- for instance, that it was merely camouflage for an attack on Iran. In August 1984 the Egyptian and Saudi governments asked the United States, Britain, France, Italy, and the Netherlands to mount minesweeping operations in the Gulf of Suez. In all these cases the cooperation was military-to-military, much of it behind the scenes. The Europeans were thus able to skirt public opposition to any formalized "allied" effort; for its part, France could retain its independence, insisting that any cooperation, especially with the United States, was great powers consulting as equals.

The multinational force in Lebanon initially sent in the summer of 1982 by the U.S., France and Italy, and returned in the autumn -- that time also including a small British contingent -- at first had some of the same virtues of quiet cooperation. For a time it contributed some stability to that ravaged country, though changing circumstances in Lebanon made the enterprise a disaster in the end. Italian participation, growing out of Italy's earlier role in the U.N. peacekeeping force in the Sinai, marked a departure in Italian policy: for the first time since World War II Italian troops were deployed outside Europe.

In October 1983, however, 241 American Marines and 58 French in Lebanon were killed in simultaneous car-bomb attacks; by February, public support in the United States for the deployments had eroded completely, and Washington announced that the troops

would be withdrawn, leaving its allies to fend for themselves. Still, despite its chaotic end, the MNF episode provoked suprisingly few recriminations among the allies.

The MNF underscored one powerful European incentive to participate in military measures beyond Europe: it gives them a claim to share in American decision-making. The MNF foreign ministers met frequently at the margins of other meetings, and working groups of civilian and military officials produced guidelines for allied action and provided a discreet opportunity to air differences. In other cases the incentive is more negative: Europeans have felt compelled to support American policies they did not particularly like lest they be excluded altogether from decisions and thus run the risk of American policies they liked even less. That was the case during the 1986 American confrontation with Libya and earlier during Iranian hostage crisis when most of the Europeans went along in some measure, reluctantly, with U.S.-sponsored economic sanctions against Iran. (In both cases, Europeans did get what they liked even less -- military action.)

There is an even more important reason for Europeans to be involved, and be seen to be involved in the military aspects of approaches to the out-of- area issue. If isolationism is dead in the United States, it near kin, unilateralism is not. It has been clearly visible beneath the surface of the debate, partly reflecting nostalgia for images of past American strength but partly also reflecting impatience with allies and friends.

Unilateralist impulses are spread across the political spectrum but are most powerful on the powerful right -- from neoconservatives like Irving Kristol who would condition American support for the defense of Europe on tougher European policies toward the Soviet Union; or those, like Senator Ted Stevens, who are tempted to draw down American forces in Europe to build them up for contingencies in the Gulf; or staunch defenders of NATO, like Senator Sam Nunn, who nevertheless feel that the U.S. bears too much of the burden of defending Europe, and the Europeans too little.[11]

The current state of affairs is somewhat paradoxical in that European establishments seem almost reconciled to some reduction in the U.S. military presence in Europe even as there is little pressure in Congress for such reductions. That pressure could, however, be brought to the fore, powerfully, by a perception that the United States was bearing the burden of defending interests, in particular oil, that were more important to Europeans than to Americans. Deficit reduction in the United States will compel defense budget-cutting in any case. Suppose that coincided with tightened world oil markets and rising prices. Trouble-spots in the Gulf would again be the strategist's fashion. In those political circumstances, it would be imperative for Europeans to be seen bearing some of the military burden, and risk, of the out-of-area issue.

There is no lack of places to consult when the will is there. The margins of NATO is one. The seven-nation Western

summits, labelled "economic" but ranging over political and security issues,are another, though, having become regular, they have also become ceremonial. The four Western "Berlin" powers -- the U.S., France, Britain, and the Federal Republic -- have meetings at several levels that deal with issues well beyond Berlin. For the Europeans there are various EEC contexts. And it has not been beyond the wit of allied leaders to consult, quietly, in specially-tailored groups of two or three. All these restricted gatherings may displease NATO allies that are excluded; yet on many occasions they may actually prefer to remain aloof provided their noses are not rubbed in the fact of their exclusion.

Neither the small steps taken throuoh the "consensus of the willing" nor the fact that NATO has edged toward recoqnizing that the interests of its members do not end at the Tropic of Cancer is anv guarantee that the allies will find it easy to confront the next crisis that propels the out-of-area question onto the nightly TV news. Nor are they a guarantee that the United States will not act on its own, as it did in Grenada, to the consternation or even to the alarm of its allies. To both propositions the Gulf is again testimony. For security issues <u>inside</u> Europe, there is some measure of American deference to European views; after all it is <u>their</u> continent. No such deference applies outside Europe.

Yet it should be possible to learn some of the lessons of past episodes. At least the next time around they may look less

like the character from Gilbert and Sullivan waiting for a train on Saturday afternoon. Saturday is a regular occurrence, he observes. It is predictable. But somehow it always manages to catch this railroad by surprise.

NOTES

1. This limitation is in article 6 of the North Atlantic Treaty.

2. For the Lovett quote and more detail, see Alan K. Hendrikson, "The Creation of the North Atlantic Alliance, 1948-1952," Naval War College Review, 32, 3 (May/June 1980).

3. For a somewhat different, though related, set of categories, see chapter one of Douglas T. Stuart and William T. Tow, The Limits of Alliance: NATO Out-of-Area Problems Since 1949, forthcoming.

4. This is explicitly the issue addressed in a book I am editing for the Council on Foreign Relations in New York. See Europe/America: Confronting Southern Africa, (working title), forthcoming.

5. See, for example, the articles by Theo Sommer in Die Zeit, February 22 and 29, and June 27, 1980.

6. These figures are from Melvin A. Conant, The Oil Factor in U.S. Foreign Policy, 1980-90, (Lexington, Mass.: D.C. Heath and Co., 1982), pp. 3, 20.

7. For more discussion, see Robert J. Lieber, "Economics, Energy and Security in Alliance Perspective," International Security, 4, 4 (Spring 1980), 139-63.

8. Por a variety of early perspectives on the RDF and its possible mission, see Jeffrey Record, The RDF and U.S. Military Intervention in the Persian Gulf, (Cambridge, MA: Institute for Foreign Policy Analysis, 1981); Congressional Budget Office, RDF:

Policy and Budgetary Implications, (Washington, 1983); Joshua M. Epstein, "Soviet Vulnerabilities in Iran and the RDF Deterrent," International Security, 6, 2 (Fall 1981), 126-58; and Kenneth N. Waltz, "A Strategy for the RDF," International Security, 5, 4 (Spring 1981), 49-73.

9. Compiled from International Energy Agency and U.S. government statistics.

10. See Karl Kaiser, Winston Lord, Thierry de Montbrial and David Watt, Western Security: What Has Changed? What Is to be Done? (New York: Council on Foreign Relations, 1981).

11. In October 1982, for instance, the Senate Appropriations Committee, at the behest of Senator Stevens' subcommittee on defense, called for a cap on the number of U.S. forces in Europe. It also reported that it was "greatly disturbed that the U.S. commitment to European security in terms of force levels and defense expenditures continues to escalate while our NATO allies' share of defense steadliy declines." Reported in Congressional Quarterly, October 9, 1982, p. 2650. For a selection of neoconservative views on the alliance, see Irving KristoI, "What's Wrong with NATO?" New York Times Magazine, September I5, 1983; Norman Podhoretz, "The Present Danger," Commentary, March 1980; and Walter Laqueur, "Euro-Neutralism," Commentary, June 1980.

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SECOND COLLOQUIUM ON EUROPEAN-AMERICAN RELATIONS

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EAST-WEST SECURITY ISSUES

A discussion paper

by

Nicole GNESOTTO

August 1987

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East-West Relations : who is changing what ?

Cyclic by definition, since the first REAGAN-GORBACHEV summit in Geneva in 1985, East-West relations have moved into a phase of détente. Every channel of dialogue has been opened, be it bilateral between the Soviet Union and the United States (like the talks on nuclear arms and weapons in space) or multilateral (the talks on chemical disarmament in Geneva, conventional arms stability at the CSCE, regional diplomacy at the United Nations in connection with the Iran/Iraq conflict, etc.).

But this easing of tension between East and West is taking place between different partners playing by new rules : GORBACHEV's USSR is no longer playing its traditional threatening role, American strategy and coherency with regard to Europe is causing some concern, nuclear dissuasion is no longer taboo and is coming in for criticism from East and West alike, Arms Control has taken on sweeping dimensions, abolishing whole categories of weapons, at least on paper, and Europe, the traditional pawn in the East-West conflict, is also becoming the testing ground for all these different changes.

It is true that for the time being all these innovations remain on a purely rhetorical level : nothing has changed in the real balance of East-West political and military relations. Nothing except the discourse and the intentions displayed on either side. Indeed this is by no means an unimportant feature of the current situation, in which words take on the weight of deeds in the case of both Soviet Glasnost and American strategy in Europe. But is the former really as revolutionary as it would have us believe ? And is the latter as unchanged as American leaders repeatedly assure us ?

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I - USSR : the strategy of confession

* Never was diplomatic discourse more "transparent" or more sincere than the Soviet discourse of the GORBACHEV era : never were the Soviets so open about the aims the West has always attributed to them - denuclearizing Europe, decoupling Europe and America and creating a new pan-European security system. This is indeed the meaning of Glasnost diplomacy : Mr. GORBACHEV is finally, unashamedly confessing the ultimate aim of all Soviet diplomacy over the last forty years.

There is therefore unquestionably a diplomatic revolution on the part of GORBACHEV, but in the etymological - and conservative - sense of the term : a return of Soviet nuclear strategy to point zero , as in the nineteen fifties, when the USSR used the Stockholm appeal to denounce atomic weapons as "frightful weapons for mass extermination" and first use of nuclear arms as "a crime against humanity" (1).

* The more spectacular Soviet proposals on disarmament thus reveal the coherency and continuity of the three strategic objectives of the Soviet Union with regard to the status and the security of Europe :

. The denuclearization of Western Europe by stages, starting with European-based American systems capable of striking Soviet territory (INF-SRINF) and continuing with short-range land-based nuclear arms in general, including the American FBSs and European systems which make up the Alliance's entire tactical nuclear air force. The GORBACHEV proposal of the INF-SRINF double zero option (28 February 1987) should be considered in parallel

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(1) "L'Humanité" newspaper, 27 March 1950.

with the other Soviet proposals for conventional disarmament : indeed the Budapest appeal in June 1986 and above all the draft Soviet mandate presented to the CSCE conference in Vienna in July 1987 include nuclear missiles with a range of 0 to 500 kilometers and "tactical airborne strike forces" in the framework of negotiations on conventional forces in Europe.

. Simultaneously, preventing any alternative European defence option. Here too, the Soviet positions on nuclear and conventional negotiations form a whole. Their demand for the dismantling of the American warheads on the 72 German Pershing 1A missiles (July 1987) is designed to set a precedent for the Alliance's two-key, two-owner systems present and future : NATO's tactical missiles have the same double ownership status as the Pershing 1A missiles. The second Soviet demand under the INF-SRINF talks, involving the non-transfer and non-conversion of these systems to allied countries, is also designed to give the Soviets a say in inspecting NATO's internal nuclear cooperation arrangements. Finally, the Soviet wish to include land-based nuclear arms and tactical aircraft in talks on conventional weapons concerns not only American weapons but also NATO forces and the tactical components of third country forces.

So if the USSR has officially renounced its demands concerning British and French nuclear weapons, it nevertheless means to keep open indirect channels to have them taken into account little by little.

. And finally, preventing a reinforcement of postures on conventional weapons in Europe and a possible redefinition of NATO's flexible response : the draft Soviet mandate for conventional weapon negotiations makes reducing forces an absolute prerequisite for the opening

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of talks ; it is therefore out of the question as far as the USSR is concerned that the redistribution of conventional forces in Europe should take the form of an increase in Western forces. Similarly, the insistence of the Soviets on including air forces in the conventional weapons talks is aimed at countering any project to replace the American nuclear dissuasion force in Europe with a larger airborne component after the INF-SRINF agreement.

All in all the Soviet positions on arms control in Europe therefore tend to add up to a coherent plan for the future security of Europe : the abolition of nuclear weapons and the return to a strictly conventional balance of power on the continent. These are traditional Soviet objectives and interests which should come as no surprise to us.

* When it comes to bilateral strategic relations between the USSR and the USA, however, denuclearization is not on the agenda. It is true that Mr. GORBACHEV's rhetoric is based on the principle of the total abolition of nuclear arms in the next fifteen years (plan of 15.01.86). But the reality of the START negotiations is more modest. The aim is still to reduce the American and Soviet arsenals by 50%, as agreed by the two Heads of State at the Reykjavik Summit : each of the two parties would maintain an overall ceiling of 1600 launchers and 6000 nuclear warheads, i.e. approximately the nuclear potential Soviets and Americans possessed at the time of SALT II (1979). Moreover, by linking START negotiations with the SDI issue, the USSR is mortgaging the possibility of a rapid signature of an agreement to reduce strategic arms by 50%.

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So if we look beyond official anti-nuclear rhetoric, Soviet strategy appears to aim at a double order of East-West relations : on the one hand the European arena must be denuclearized to leave a purely conventional balance of power weighted in favour of the USSR, denuclearization affecting not only land-based forces but also airborne nuclear forces. On the other hand, the purely strategic relations between the USSR and the USA would remain nuclear but without any U.S. superiority : the START negotiations are suspended because of the SDI issue, but this has not prevented the USSR from carrying on its own research on defence systems. Two different weights, two different measures.

* This strategy of confession thus goes hand in hand with a marked tendency to mimic Western language : GORBACHEV's revolution in fact consists in raising the stakes by appropriating developments in Atlantic diplomacy as his own. The eradication of nuclear arms by the year 2000 was first proposed in 1983 by Mr. REAGAN. The INF zero option was proposed by the Americans as early as 1981, and the principle of restricting SRINF was included in the double decision of 1979. Reducing surprise attack capabilities and conventional imbalances in Europe is an idea borrowed from the Alliance (communiqué from the Atlantic Council in Brussels in December 1986 on conventional stability). And as for its discourse on human rights, the USSR is trying to be more European than the Europeans by presenting human rights as a major element in security and proposing a conference on the subject to be held in Moscow.

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GORBACHEV's innovation thus consists in the extremely apposite use of other people's silent revolution : after European public opinion and pacifist movements it was the turn of the American President to make the thesis of the illegitimacy of nuclear arms his own at a time when Soviet diplomacy did not yet consider the concept of dissuasion "unacceptable". Soviet conservatism is thus all the more justified today in that a certain trend in Western strategy seems to coincide partially with traditional Soviet objectives. The "transparency" of the new diplomatic discourse of the USSR thus consists in saying aloud not only things that the Soviet military has dreamed of for 30 years but also things which certain currents within the Atlantic Alliance scarcely dare dream of even today.

II - The United States : silent developments

There have been real developments in the American position, even if they have been less spectacular than GORBACHEV's media-tuned innovations. They do not reflect a new coherent and deliberate line of policy but rather are the result of a series of random and often contradictory tendencies. In at least two instances there is a certain concordance in American and Soviet lines of thought, even if not in practice.

* The first concerns Arms Control, the end purpose, role in East-West relations and priorities of which have changed considerably.

Since the October 1986 meeting at Reykjavik, Arms Control talks cover not only the control but also the drastic reduction of arms and even the total elimination

of one whole category of weapon systems : a 50% reduction in strategic weapons, the INF-SRINF double zero option, not to mention the rhetoric common to both Great Powers on the elimination of nuclear arms by the year 2000, or America's fanciful proposals for a total ban on ballistic missiles of any type (1). There is a risk that this new bid for arms reduction will not be limited to nuclear weapons alone : in the preparatory talks with a view to possible negotiations on conventional stability in Europe, the USSR has made arms reduction the prerequisite for any negotiation. From being a mechanism for regulating the balance between East and West, Arms Control is now becoming the means of actually modifying the balance of power, particularly in Europe.

Similarly, the Arms Control process has taken on an unprecedented place and role in East-West relations. In the seventies, Arms Control was above all a means of testing the state of East-West relations ; the latest example of this was the non-ratification of SALT II by the United States. In recent years, however, the whole issue has tended to hinge on Arms Control. It is no longer disarmament talks that depend on the state of East-West relations but rather the opposite ; it is the stability and the very credibility of world leaders that hang on an INF agreement : from R. REAGAN after Irangate, to H. KOHL if he wants to show that Germany's whole policy on defence and détente has been worthwhile, and even GORBACHEV, if he wants to turn words into actions and cash in once and for all on the public image he has been projecting. At the same time, major subjects of East-West dispute, such as

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(1) These proposals, which were put forward at the Reykjavik Summit, have since been dropped by the Americans.

Afghanistan, Nicaragua, the SDI, are shrouded in relative silence as if nothing should be allowed to jeopardize a first INF agreement.

Finally, since Reykjavik, Arms Control has reversed the priorities : talks on the elimination of intermediate nuclear weapons in Europe have become the dominant theme in East-West relations, whereas they in fact concern only a very small fraction of the 25 000 or so warheads in the possession of the two Great Powers. Has Europe perhaps become the laboratory for this new radical policy on Arms Control ? The paradox is indeed striking between the relative standstill in bilateral strategic relations and the effervescence over nuclear disarmament in Europe, the former being justified by the latter. A two-speed disarmament logic could however threaten the political status quo in Europe. In this respect, Arms Control, at least in Europe, would tend to find itself on the borderline between disarmament proper and the European or German policies of the Great Powers.

* The second development to come from America concerns nuclear dissuasion itself. We must bear in mind of course that be it in Moscow or in Washington, words are one thing and actions are another. Thus the statements made by R. REAGAN on the total abolition of nuclear weapons, or the positions adopted by Secretary of State George SCHULTZ on the merits of "slower but surer" conventional forces of dissuasion must be taken with circumspection. And yet in an Alliance of democratic States where the role and anti-nuclear mood of public opinion cannot be denied, such declarations have a distinct political effect independent of military realities : indeed pacifist currents have had their own anti-nuclear discourse pulled out from under them and have

even disappeared temporarily from the international scene, the pacifism of the Great Powers having taken over from nuclear protestors in Europe ; concerned European governments have had, after Reykjavik, to remind Washington in no uncertain terms of the merits of dissuasion and the risks of rushing headlong into nuclear disarmament.

Independently of statements by one leader or another, budget considerations and home policies even now suggest a redefinition of priorities and of overall American strategy. The first change of direction can be seen in the offence/defence relattionship and the role of SDI in American-Soviet bilateral strategic relations. Financial, technological and strategic ambitions have been pruned without compromising the future of the American research programme. The SDI will probably lead not to an alternative space and defence strategy but to a reinforcement of protection against a first weapon-destroying strike. So for the foreseeable future, nuclear dissuasion still remains the basis of strategic relations with the USSR.

The second change concerns the nuclear/conventional balance and European security. If it ever came to be, the withdrawal from Europe of all nuclear missiles with a range of over 500 km would affect America's nuclear commitment to Europe perhaps not in substance but at least in form : the improvement of conventional postures and the reinforcement of the sea- and airborne elements of NATO's flexible response would seem all the more necessary.

But these changes, born of Arms Control, and in themselves purely technical, could be jeopardized by the very logic of disarmament. The debate on reinforcing conventional forces is actually going on at the same time as two other debates : one purely American debate on the withdrawal of a certain contingent of GI's from Europe and

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the other a multilateral debate on the prospects of conventional negotiations in Europe : the USSR will by all accounts try to use this debate to freeze NATO's programme to modernize its conventional forces, while American supporters of troop withdrawal will try to use these negotiations to obtain at least a proportionate withdrawal of Soviet troops. Senator Sam NUNN has already advanced the idea of a 50% pull-out of American and Soviet divisions in Europe. At the same time, the reinforcement of the other nuclear elements of Euro-American linkage could be brought into question : how can tactical nuclear weapons be modernized if INF-SRINF negotiations convince public opinion and Congress that nuclear disarmament in Europe is a possible and desirable goal ? How can the other nuclear elements of flexible response be reinforced if tactical missiles and nuclear aviation are likely to be included in talks on conventional weapons ? The USSR is openly in favour of such a step and there is no reason to believe that similar inclinations do not exist in the West too...

III - Europe : the implicit transitions

Developments in East-West relations have thus concentrated recently on the status and the fate of Europe. Unless there is a last-minute turn-around, American-Soviet negotiations will introduce a security scheme in Europe in which nuclear dissuasion will at least have lost most of its land-based component if it has not disappeared altogether. The zero option on INF was already implicit in the NATO Double Decision in 1979, which GORBACHEV simply accepted. Paradoxically, this victory seems as undeniable today as it does disconcerting to the Europeans themselves.

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The problem is not so much denuclearization or the desirability or otherwise of dissuasion - the famous "dissuasion crisis" is inherent in the Atlantic debate - as the ways and means of Euro-American linkage. Other periods in the history of the Alliance, particularly the years 1967 and 1977, have already witnessed similar adaptations : NATO's flexible response doctrine, the deployment of intermediate nuclear weapons in Europe bear witness to the Alliance's capacity to change the rules of the strategic game in Europe when necessary. But the present situation is still unusual, for three sets of reasons :

. No "great transatlantic debate" is accompanying these changes : Europe's worries remain confidential and the coherency and the real objectives of the American Government remain uncertain. GORBACHEV publicly declares that he wants to change European security, the American Government maintains that nothing has changed as far as it is concerned and certainly not NATO's flexible response doctrine. However the truth must lie somewhere between the two since there is Soviet-American agreement on the INF.

. Furthermore, this is not a decision from within the Alliance but a set of new rules negotiated directly with the Soviets on the basis of objectives which are more political than strategic : in the case of the second zero option on SRINF, many European governments had the unpleasant sensation that they were being pressed into agreement by Washington for American domestic political reasons.

. Above all, certain elements of European security are in danger of disappearing before the Alliance has even had time to think about - and of course agree to - alternative solutions. It was only in June 1987, at the suggestion of Europe, that the Alliance decided - after the event - to call for a pause in disarmament in order to take some time to think things over.

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An overview of European-American relations and developments in European security thus gives some cause for perplexity. For twenty years the double notion of Defence/Détente, established in the Harmel report in 1967, was the basis for Alliance policy, also taking into account the state of and fluctuations in Euro-American relations. Time after time transatlantic crises and misunderstandings brought to light a certain tendency towards the sharing of tasks - decried by Henry KISSINGER in his day - between a Europe obsessed with détente and what it had achieved and an America that was ultimately responsible, financially and militarily, for its defence needs. The Federal Republic of Germany was itself at the heart of this ambivalence between ostpolitik and Atlantic defence.

Recent trends in East-West relations however throw a new shade of light on this pattern : since Reykjavik and the prospects of an INF agreement, European governments have been showing concern about the defence of Europe while the American government has seemed most eager to establish a certain détente in US-Soviet relations on the European continent. This situation is not in fact new : the 1979 Double Decision already gave cause for a West German Chancellor to raise the alarm on European security. But the current situation is original in that it contains a second paradox : under the REAGAN Administration, Arms Control - and perhaps détente in general - has become divisible again : nuclear negotiations in Europe are now autonomous and US-Soviet relations in Europe are prospering independently of overall East-West relations (the SDI issue and the regional conflicts, for example). Whether it is only skin deep or destined to last, this particular configuration of East-West relations - which is somewhat reminiscent of the CARTER era - has already given rise in West Germany to a certain exacerbation of post-war dilemmas.

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- The debate, first of all, between Security and Disarmament : the first zero option on INF corresponded to a sort of state of grace in relations between Bonn, Moscow and Washington : for the first time in a long time there was consensus on security in Federal Germany with regard to the elimination of Euromissiles crowned with equal unanimity on the part of Americans and Soviets. But this consensus was short-lived. The second zero option on SRINF caused a new rift in German political opinion : eliminating all missiles with a range of more than 500 km would leave Europe with only nuclear artillery and short-range tactical missiles. Paradoxically, because of Arms Control, the Federal Republic of Germany would be the only Alliance country directly faced with the threat of the Pact's SCUD and other tactical nuclear weapons. After attempting to find an alternative solution to the SRINF zero option, Chancellor KOHL opted to demand subsequent Soviet-American negotiations on these short-range missiles (SNF). And since we are on the subject of paradoxes : European nuclear disarmament does not necessarily coincide with West German security ; but the way things are shaping up is tending to make West Germany call for additional disarmament measures.

- Finally, with the Pershing 1A missiles, the Soviet Union made a vain attempt to turn the Federal Republic of Germany into the final obstacle to the conclusion of an INF agreement. The USSR had never before so openly played on the relationship of West Germany with nuclear arms by raising the question of the nuclear role of a non-nuclear country. The speech by E. CHEVARDNADZE at the disarmament talks in Geneva was as brutal and aggressive as can be towards Bonn : "we see no reason why the F.R.G. should meddle in Soviet-American negotiations. Why ? By what right ? Did it not undertake by virtue of the NPT not to acquire nuclear arms ? (...) The Soviet people will never accept the Federal Republic of Germany

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becoming a nuclear power". The Soviet Minister of Foreign Affairs thus used the Non-Proliferation Treaty as an argument to denounce the Pershing 1A and through them the Alliance's nuclear cooperation scheme, deliberately creating confusion between ownership of nuclear weapons - which West Germany neither has nor wants - and deploying nuclear arms in the F.R.G. - which no treaty forbids.

So the development of INF negotiations in 1987 will have had an unexpectedly marked effect on relations between Bonn, Moscow and Washington.

- For GORBACHEV, the Federal Republic of Germany is as much a partner as a card to be played in his bilateral relations with the U.S.A. Generally speaking, as far as European security and the status of Europe are concerned, the USSR has developed no specific policy insofar as they are satisfactorily covered by bilateral relations between the U.S. and the Soviet Union. Its attitude towards the F.R.G. is revealing, although ambiguous still : whereas in 1983 the USSR used the West German opposition and public opinion against the NATO decision, in 1987 Moscow tried to influence Washington against "German interests".

- As for German-American relations, they have deteriorated noticeably. The State Department's hurry to support the SRINF second zero option (February-June 1987), the extreme reticence of Washington with regard to subsequent talks on short-range missiles (SNF) requested by Bonn, the inclination of certain American leaders to shoulder Bonn with the responsibility for finding a solution to the Pershing 1A problem all added to the confusion and even the trauma within the CDU itself : for the first time the feeling that they had been let down, or betrayed even, by the United States reached beyond the SPD into the conservative ranks which had always been such

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staunch allies of Washington. Whereas in 1983, at the height of the Euromissile quarrel, Chancellor KOHL - who was fully behind Washington - only had to face opposition from the Greens and the SPD on the home front, in 1987 he found himself alone on several occasions in the face of the converging views of the SPD and the American Government, which is paradoxical to say the least.

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For the whole of Europe, Reykjavik and the prospect of an INF agreement will have been fraught with contradictions : nuclear disarmament does not necessarily increase security ; détente is not necessarily specific to Europe or defence necessarily an American attribute ; the USSR no longer seeks merely to establish the status quo in Europe but also to have a say in the development of its statute and of European security.

These challenges have constituted also many budding opportunities for European cooperation on security, as is demonstrated by the revival of the WEU - and particularly the drawing up within the WEU of a charter on European security based on nuclear dissuasion. On the bilateral level too, particularly between France and Germany and France and the U.K., we have witnessed close concertation on security issues in general. The modest nature of this European cooperation no doubt constrasts with the radicalism of the nuclear disarmament race in Europe. But we have every reason to be pleased that a touch of adventure is not the only guiding rule in the Atlantic Alliance.

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In conclusion :

1) For the USSR there is coherency between the political and military goals of disarmament in Europe : the withdrawal from European soil of American nuclear missiles capable of reaching Soviet territory has been a constant objective of the USSR since 1979. Setting up an alternative conventional balance in Europe is an even more traditional objective of Soviet diplomacy. In this respect, Mr. GORBACHEV embodies the continuity of the Soviet Union's European policy.

2) For some time now in the Alliance there has been a tendency for a number of elementary security principles to operate in reverse : decisions come before reflection, the disarmament argument comes before defence, domestic politics condition diplomacy, regional disarmament is put before strategic disarmament.

3) Although exacerbated by the INF issue, however, these features of the Alliance are by no means new. Two lessons can be learned from the history of Euro-American relations :

- In 1957 (nuclear vs conventional), in 1967 (the flexible response) and in 1987 (INF withdrawal) it was the United States each time who changed the strategic rules of the Alliance and the Europeans who grew concerned. (The only exception was when Europe, and in particular the Germany of Chancellor SCHMIDT , requested a change in 1977). So what we are going through right now has already happened every ten years or so. It only remains for the United States to draw up the concrete rules of this new transition they have negotiated with the USSR instead of criticizing Europeans for their so-called doubts, incoherencies or inconsistencies.

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- In the long term, from 1957 to 1987, the trend in the United States has been for ever-increasing flexibility in the mechanisms of their commitment in Europe. (Here again, 1977 and the decision to base American Euromissiles in Europe is an exception to the rule.) It is not a question of disengagement, decoupling or isolationism as such, but rather of a reassessment of the mechanisms of Euro-American strategic linkage, so it is important to know what the new set-up will be : more airborne forces ? Stronger navies ? More conventional forces ?

4) For Europe in any case, security principles remain relatively simple : there must be nuclear weapons in Europe because the USSR is a nuclear power in Europe. The mere fact that the mobile Soviet SS 24/25 systems can reach Europe proves that there can be no separate Euro-strategic theatre or autonomous regional disarmament. No conventional defence alternative has ever worked in European history. A real transatlantic debate on the future of security in Europe is always better than an atmosphere of misguided resentment or a silent implosion.

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