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EU and US Security Policy from the Cold War Era to the 21st Century: The institutional evolution of CFSP and the factors that determine the American military supremacy¹

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Abstract

This article aims to clarify the main parameters that define security policy in Europe and the United States. A historical review on the principal economic, political and military agreements in these two dipoles of power is presented from the dawn of Cold War to nowadays. We also examine the institutional integration of European defense strategy from the Maastricht Treaty in 1992 to nowadays, and the crucial effects of the 11/9/2001 terroristic attack on US security policy implementation. A comparative analysis between EU and US defense capabilities is displayed mainly through the issue of their defense outlays from which we try to explain US military and geopolitical supremacy in comparison to the defense weaknesses of their European allies. The study also raises questions about the possible dangers the USA might face through their attempts to maintain their global hegemony even further than 2025/30. We conclude that the European security policy, which was strongly motivated via economic integration during Cold War era, is highly characterized by structural inefficiencies and the unwillingness of European US allies to spend more about their defense by acting as NATO free-riders, which entails the reduction of its effectiveness comparing to US defense strategy.

JEL Codes: F52, H56, H76

Introduction

Security policy is a very important factor of a nation's strength assisting to its political stability, institutional integration and economic growth. It is a foregone conclusion that the configuration of the current global security system has its roots back to the end of WWII when Allied powers, predominantly US, UK, the USSR and their allies saved the world and secured the principles of freedom, democracy and justice from the Axis totalitarian oppression. The intention of Nazi Germany to dominate Europe threw the European continent into chaos. Two new superpowers emerged, USA and the USSR, each one tried to enlist new allies and satellite states eager to adopt their own political doctrine and economic model of growth.

As it is shown in the first part of this article, leaders of Western European nations envisaged that in the new global geopolitical environment their states would be unable to face the new security challenges that arose predominantly by the intention of the Soviet regime to expand its influence throughout Europe. As a consequence, they preceded to the creation a series of pan-European defense and military agreements as a means of protection against the new Soviet threat.

American policymakers on the other hand, were strongly concerned about the post war global strategies the US must adopt. Did US policy on security matters should remain intact focused only in a deterrent strategy in the American continent or should it expand its influence globally, as indeed happened, something that we will show in the second section of this article. This article is divided into five parts: The first two parts examine the creation, the evolution, the motives, and the ways of implementation of security policy for both European Union and the United States as dipoles of global power since Cold War to nowadays. We noticed a strong correlation between progress on European post-war security matters and economic integration of Europe.

The third part focuses on the reasons that determined the post-war American military and geostrategic supremacy by comparing it to the European one. The novelty of our analysis is based on our intention to explain US military dominance through an economic standpoint, mainly focused on the issue of their tremendous defense outlays comparing to those of their allies or competitors in global level. We also found that another dimension of US supremacy is also achieved by the superiority of their defense industry, predominantly in aeronautics, which thanks to heavy R&D government funding and the huge American defense internal market, it achieves economies of scale, something which is not always apparent for their European industrial antagonists.

However, as we will show, another aspect of the American superiority is the unwillingness of their European allies to spend more about their security. In the fourth part, via fiscal figures estimations of US economy for 2010-2025/30 period we make projections about the possibility of a gradual decline of US global hegemony. Finally, in the fifth part, except from concluding remarks we also make suggestions for a more effective euro-Atlantic security strategy.

THE CREATION AND EVOLUTION OF EUROPEAN DEFENSE STRATEGY FROM 1945 TO NOWADAYS

As it has been mentioned before, post war Europe was in a tragic condition due to the extensive catastrophes in infrastructure and loss of its manpower.² Via a series of defense and military agreements Europeans attempted to create a gradual pan-European defense identity to guarantee their protection. In March 17, 1948 Belgium, France, Luxembourg, the Netherlands and the UK agreed on the creation of the Western Union. Its main purpose was the mutual assistance in case any country of the alliance came under attack.³ On April 4, 1949 the North Atlantic Treaty Organisation (NATO) was established. Its main purpose was to defend each member state of the alliance mainly from the Soviet danger and to prevent any possible future German hegemonic aspirations.⁴

On the economic front, on April 18, 1951 France, Germany, Italy and the so called “Benelux countries” (Belgium, the Netherlands, and Luxemburg) signed an agreement to create the European Coal and Steel Community (ECSC), a supranational authority to administer the European coal and steel resources.⁵ As we will show further in this section, the ECSC agreement was the first of a series of politicoeconomic agreements of major importance for the step by step process of political integration between the Western European states. However, UK denied joining ECSC though it was invited to do so due to its insistence on determining by its own its

² Forty million soldiers and civilians died during WWII and production stopped in many Western European countries, in Soviet Union and Japan. See Robert D. Schulzinger, *U.S. Diplomacy Since 1900* (New York: Oxford University Press, 1998), 199-200.

³ Robert E. Hunter, *The European Security and Defense Policy: NATO's Companion or Competitor?* (Santa Monica: RAND Europe, National Defense Research Institute, 2000), 7-9.

⁴ See Jomana Amara, “NATO Defense Expenditures: Common Goals or Diverging Interests? A Structural Analysis,” *Defense And Peace Economics* 19, no.6 (December 2008): 450 ; Seth G. Jones, “The European Union and the Security Dilemma,” *Security Studies*, 12, no. 3 (spring 2003): 115.

⁵ Berthold Rittberger and Iris Glockner, “The ECSC Treaty,” University of Mannheim, 17 March 2010, 1. See also Barry Eichengreen and Andrea Boltho, “The Economic Impact of European Integration,” *Center for Economic Policy Research*, Discussion Paper no. 6820 (May 2008): 5-9.

steel and coal resources policy.⁶ In 1952 NATO proceeded to its first enlargement by accepting both Greece and Turkey.⁷ The critical issue of the post war Germany's status quo caused a serious dispute between USA and France. US intention was to rearm and incorporate West Germany into NATO structure as a means of reducing its burden for the protection of Europe from a possible Soviet threat by anchoring the new federal republic to the west sphere of influence.⁸

France at first strongly opposed to any possible rearmament of Germany for security reasons but due to heavy American pressure supported also by the UK, it forced to alter its policy. A year later than the establishment of NATO, French politicians came up with a new innovative idea based on the Plevin Plan which proposed the creation of the European Defense Community (EDC), a military pan-European organisation which it could mobilize an 100.000-man army comprised by military units from Belgium, France, West Germany, Italy, Luxembourg and the Netherlands. With such a plan the new West Germany's army would subjected to a supranational command.⁹

The EDC treaty was signed in 27 May 1952 by the above states but was rejected by the French National Assembly in August 1954 and the UK government and thus, it never came to fruition.¹⁰ However, in 1955 with the decisive intervention of the US, West Germany became a new member on both NATO and the Western Union which was renamed the Western European Union (WEU).¹¹ Finally, in March 25, 1957 the ECSC members signed a pivotal agreement to create a common market through the abolition of tariffs and barriers to commerce, by creating the European Economic Community (EEC).¹²

As a final statement for the 1945-57 first post-war period, we infer that it is obvious that the attempts which lead to the creation of ECSC and EEC were based on the wise strategy that

⁶ See Geoffrey Owen, "Britain and the European Coal and Steel Community," paper presented at Terni Conference on the European Coal and Steel Community, May 16-17, 2002.

⁷ Amara, "NATO Defense Expenditures," 451.

⁸ Michael Creswell, "Between the Bear and the Phoenix: The United States and the European Defense Community 1950-54," *Security Studies* 11, no. 4 (summer 2002): 90.

⁹ *Ibid.*, 102-103.

¹⁰ However, US were in favour of EDC in case it could be incorporated into NATO structure as a means of a further integration of the European post war security system. See Ronald R. Krebs, "Exchange: A Debate Miscast- Or What Can We Learn From the Case of the EDC?" *Security Studies* 11, no. 3 (spring 2002): 192.

¹¹ Thomas G. Patterson, *On Every Front: The Making and Unmaking of the Cold War* (New Work: W. W. Norton, 1992), 194.

¹² Mike Artis and Frederick Nilson, *The Economics of the European Union, Policy and Analysis, Third Edition* (Oxford: Oxford University Press, 2001), 5-14.

was adopted by the great visionary of the United Europe, Jean Monnet who understood that through economic collaboration, the gradual political integration and unification of Europe could be achieved, something which comprised his ultimate goal. It is evident that the founders of ECSC, ECC and WEU used the economic integration “as a means of promoting their political interests by other means” if we interpret their policies through Von Clausewitz’s views presented in his Theory of War.¹³

ECONOMIC AND POLITICAL PROGRESS IN EUROPE DURING 1958-1990.

This period is characterized by the unwillingness of ECC members to cede the management of a series of national political decisions to supranational structures. The 1958-1969 period was marked by the absolute denial of the ex-General and French President Charles De Gaulle to permit the membership of UK to EEC for three pivotal reasons: Firstly, he considered UK as the “Trojan Horse of the Americans in Europe” due to the “special relationship” between UK and the US, meaning that European Foreign and Defense Policy could be manipulated by the Americans via their British colleagues as possible members of EEC.

Secondly, he thought that the motives of British politicians were not sincere as according to him, UK tried to undermine EEC by founding instead the European Free Trade Association (EFTA). Thirdly, De Gaulle believed that UK as a member of EEC could veto the financing of the French economy through the Common Agricultural Policy, which France considered of major importance for its economic development.¹⁴ Instead of UK’s membership to EEC, De Gaulle envisaged the creation of a pan-European Defense Alliance with France playing the pivotal role in it.

For this reason France during the 1958-63 period launched the Fouchet Plan with the view to replace NATO by a pan-European military defense core and in 1966 withdraw its Armed Forces from the Atlantic Alliance.¹⁵ A basic prerequisite for success was France to obtain nuclear capability and atomic weapons so as to be considered as a hegemonic power in Europe.¹⁶

¹³ Andreas Herberg-Rothe, *Clausewitz’s Puzzle, The Political Theory of War* (Oxford: Oxford University Press, 2007), 139-144.

¹⁴ EFTA was consisted in the 3rd of May 1960 by Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom. See Andrew Moravcsik, “De Gaulle and European Integration: Historical Revision and Social Science Theory,” *Center for European Studies, Working Paper Series 8.5* (May 1998): 41-46.

¹⁵ Seth G. Jones, “The European Union and the Security Dilemma,” *Security Studies* 12, no. 3 (Spring 2003): 131-4.

¹⁶ Hubert Van Tuyll and Jurgen Brauer, “Colonizing Military History: A Millennial View on the Economics of War,” *Defense And Peace Economics, Special Issue* (2002): 23-27.

However, De Gaulle's attempt to replace the hegemonic presence of USA in Europe became a pipe dream since it was evident that no European nation at that time was eager to replace NATO for a dubious pan-European Security Alliance led by France. Finally, on December 1969 the European Council in Hague approved the membership of Ireland, Denmark and the UK to EEC.

During 70's the main politico-economical events that happened in Europe were, the tendency for a European autonomy from US policy due to the American engagement in Vietnam and the West German governments attempts to initiate Willy Brandt's Ostpolitik with the USSR so as to achieve the re-unification of Germany.¹⁷ Moreover, the collapse of the Breton-Woods System in 1971 in combination with the energy crises in 1973 and 1979 resulted in the depreciation of the value of some European currencies, like the French franc. This situation was the stimulus for the creation of the European Monetary System made with a view to achieve a relative stability in European exchange rate currencies.¹⁸ Finally, in 1970 the European Political Cooperation (EPC) was established so as to strengthen European political integration but remained stagnant for the next fifteen years.¹⁹ It is obvious that the Europeans were feeling comfortable enough from the guaranteed security that NATO provided them and as a consequence they didn't seem eager enough to promote EPC.

During the 1981-83 period the French government performed an expansionary fiscal policy that led to a major increase of the public debt and to a negative outcome to the balance of payments. As a consequence, the French franc suffered a new major devaluation after 1971. This situation caused French politicians to promote the idea of the creation of a European Monetary Union (EMU) so as to "europeanise" the German currency, the mark which was the most stable throughout EEC and was effectively supported by the strength of the German economy which was the largest and the most powerful in Europe.

In fact, the reason that Security Policy came in the forefront during 80's must be attributed to Germany's demand for parallel progress in security issues when France asked for the europeanisation of the German mark and the creation of the EMU. It is evident that Germany's strategy was to achieve the reunification of Germany via the European political integration procedure.²⁰ As a result, in 1985 through the Single European Act (SEA) members

¹⁷ Patterson, *On Every Front*, 211.

¹⁸ Artis and Nilson, *The Economics of the European Union*, 297-230.

¹⁹ Jones, "The European Union and the Security Dilemma," 135-138.

²⁰ The reunification of Germany achieved in 1990. See Zoltan Barany, "NATO Expansion, Round Two: Making Matters Worse," *Security Studies* 11, no. 3 (spring 2002): 126.

states decided to adopt the Common Foreign and Security Policy (CFSP) obviously expressing their intention to act collectively on security matters.²¹ Finally, in 1988 a more coordinated collaboration was established between France and Germany to run in parallel the EMU and CFSP issues that drove to pivotal Maastricht Treaty Agreement in 1991.

THE EVOLUTION AND INSTITUTIONAL INTEGRATION OF CFSP DURING 1991-2010 PERIOD.

With the end of the Cold War era, the bipolar world change into unipolar as US took the sceptre of global hegemony. Europeans decided that “the time for Europe had come”. Thus, by a series of agreements they tried to strengthen CFSP. With the Maastricht Treaty (signed on February 7 1992) EEC was renamed the European Union-EU which meant that Europeans not only view EU as a organism for economic growth but also as a union for further political and institutional integration.²² For the promotion of EMU they decided that all member states must implement a fiscal readjustment of their economies via the Stability and Growth Pact.²³

When it comes to the CFSP, member states decided to adopt the Common Foreign and Security Policy as one of the three pillars of EU in order to act commonly in strategic issues that have to do with the Balkans, the Mediterranean and Russia.²⁴ Furthermore, on November 5, 1993, France, Germany and Belgium created the “Eurocorps” that comprised military units of these three countries. Eurocorps principal aim was to take part in the so called “Petersberg missions” on behalf of the EU such as rescue, peacekeeping and disarmament.²⁵

Moreover, with the Amsterdam Treaty (June 1997) EU members states decided the further implementation of Stability and Growth Pact to achieve EMU.²⁶ Also, they raised a new

²¹ Stephanie S. Anderson and Thomas R. Seitz, “European Security and Defense Policy Demystified, Nation-Building and Identity in the European Union,” *Armed Forces and Society* 33, (October 2006): 27-28.

²² Nicole Alecu de Flers, “The provisions on CFSP and CSDP in the Lisbon Reform Treaty: Stumbling Blocks or Milestones?” *Institute for European Integration Research* (13-14 July 2008): 3-5.

²³ It was decided that the annual budget deficit must be no higher than 3% of annual GDP and the national public debt must be lower than 60% of GDP. See Paul De Grauwe, “The Stability and Growth Pact in Need of Reform,” University of Leuven, September 2003, 2-5.

²⁴ Jones, “The European Union and the Security Dilemma,” 115. It was also decided that the WEU must be incorporated to EU as its military tool. See Galia Press-Barnathan, “Managing the Hegemon: NATO under Unipolarity,” *Security Studies* 15, no. 2 (April-June 2006): 291.

²⁵ See Jonathan Clarke, “The Eurocorps: A Fresh Start in Europe” *Cato Institute Foreign Policy Briefing*, no. 21 (December 1992): 2-6, in <http://www.cato.org/pubs/fpbriefts/fpb021.pdf>

²⁶ Artis and Nilson, *The Economics of the European Union*, 301-302.

crucial institution, that of the High Representative for CFSP in order to be the EU's spokesperson representing the EU more effectively in global political affairs.²⁷ In addition, on December 1998 two of the pivotal member states with traditionally opposed views for the European security strategy, France and the UK signed the St. Malo Declaration with which they asked the other European member states to contribute to the creation of an effective and autonomous military capability for the EU able to respond rapidly to any kind of modern threat even NATO did not want to participate in a number of missions.²⁸ The St Malo Declaration contributed significantly to the evolution of CFSP framework as Europeans decided to become more active in European security matters like the emerging Kosovo crisis.²⁹

Moreover, on January 1999, 11 out of 15 member states signed the EMU agreement with a view to enforce endogenous European trade, industrial production and homogeneity in European exchange rates whereas on December 1999 during the European Council at Helsinki, European leaders decided to create the European Rapid Reaction Force being able within 60 days to deploy 50.000-60000 troops capable of handling effectively crisis management operations and sustaining peace keeping missions for a year. Table 1 shows the allocation of forces by each state as a result of Helsinki decisions.³⁰

Yet, in Cologne (June 1999) and Nice (December 2000) EU policymakers decided the creation of new political and military institutions, the Political and Security Committee, the General Affairs Council, in which European Defense Ministers will cooperate, the European Union Military Committee (EUMC) comprised by military representatives and also a Crisis Management Center, a Satellite Center and a Institute for Security Studies.³¹ In addition, in December 2002, due to the considerable deficiencies of WEU in means of aerial transportation, telecommunications, satellite systems and C4I, the Berlin Plus Agreement was signed according

²⁷Alec de Flers, "The provisions on CFSP and CSDP," 6. See also Christos Kollias, "A preliminary Investigation of the Burden Sharing Aspects of a European Union Common Defense Policy," *Defense And Peace Economics* 19, no.4 (August 2008): 253.

²⁸ Press-Barnathan, "Managing the Hegemon": 295. See also Gustav Lindstrom, "Enter the EU Battlegroups," *Institute for Security Studies*, Chaillot Paper no. 97 (February 2007): 9-14.

²⁹ Barry R. Posen, "European Union Security and Defense Policy: Response to Unipolarity?," *Security Studies*, 15, no. 2 (April-June 2006), 176. The St. Malo suggestions were adopted by European Council in Köln in (June 1999) and Helsinki (December 1999). See Press-Barnathan. "Managing the Hegemon", 295.

³⁰ Posen, "European Union Security and Defense Policy," 179. See also Leslie S. Lebl, "European Union Defense Policy: An American Perspective," *Policy Analysis* (June 24 2004): 3-6.

³¹ Hunter, *The European Security and Defense Policy*, 57.

to which, the European Rapid Reaction Force could use NATO infrastructure to accomplish its humanitarian and peacekeeping missions even if US troops were not involved.³²

Table 1
MILITARY FORCES AVAILABLE TO EU UNDER THE HELSINKI DECLARATIONS

EU Force Catalogue	
Nation	Contribution
Germany	13.500 troops, 20 ships, 93 aircraft
France	12.000 troops, 15 ships, Helios observation satellites, 75 aircraft
Spain	6.000 troops, one air naval group based around an aircraft carrier, 40 aircraft
United Kingdom	12.5000 troops, 18 ships, 72 aircraft
Belgium	1000 troops, 9 ships, 25 aircraft
Austria	2.000 troops
Sweden	1.500 troops
Greece	3.500 troops
Luxembourg	100 troops
The Netherlands	5.000 troops
Finland	2.000 troops
Ireland	1.000 troops
Italy	6,000 troops
Portugal	1000 troops
Denmark	No Contribution
Total	67.100 troops

Source: Robert E. Hunter, *The European Security and Defense Policy: NATO's Companion or Competitor?* (Santa Monica: RAND Europe, National Defense Research Institute, 2000), 95.

On the November 20, 2003 European Defense Ministers decided the enhancement of the European Rapid Reaction Force under NATO auspice by a “Force Catalogue” capable to provide 100.000 military personnel, 400 fighter aircrafts and 100 vessels if needed. This augmentation of forces would be provided by 14 out of 15 member states (see Table 1), by 4 of the aspirers to enter EU membership of that time (Czech Republic, Hungary, Poland and Slovakia) and by Turkey and Norway.³³ Also, in July 2004 a hopeful agreement was signed when the European Council decided the creation of the European Defense Agency (EDA). Its main purpose will be to enforce European defense industry, to determine the best pan-European arms

³² Kristin Archick and Paul Gallis, “NATO and the European Union,” *Congressional Research Service* (January 4, 2005): 13-15.

³³ Hunter, *The European Security and Defense Policy*, 93-96.

policy, to create a common pool for R&D in military applications, to contribute in bolstering EU military capabilities in those areas that lacks ability, like strategic lift and finally, to provide capable advisors in security matters and CFSP.³⁴ Furthermore, the 2009-2012 period significant deliveries of the pan-European strategic transportation aircraft, the A400M, the UK's new communication satellite system, the Skynet 5, the pan-European navigation satellite system, the Galileo and the new British and French carriers probably delivered at about 2015 will dramatically increase EU's military capabilities.³⁵

As a result of all these prodigal agreements for the institutional integration of EU military capabilities since December 2003, EU has successfully launched 19 peacekeeping missions from which 11 are still running. In 2009 EU was the second largest provider in peacekeeping operations running 12 (United Nations were running 23 peace operations and NATO 3) with 7932 deployed staff.³⁶ Additionally, during the European Council of Brussels (June 2004) European leaders commit themselves with the Headline Goal 2010 according to which, member states must have developed an effective pan-European Rapid Reaction Force by 2010 capable of undertaking a spectrum of rescue, disarmament and peacekeeping missions.³⁷

Finally, on June 13, 2007 European leaders decided to approve the Lisbon Treaty except Ireland.³⁸ European leaders also adopted the term European Security and Defense Policy (ESDP) as alternative for CFSP and they decided to merge the post of High Representative of CFSP with that of the Commissioner of Foreign Affairs so as to make it more effective. The new High Representative of the Union for Foreign Affairs and Security Policy will also be the Vice President of the EU.

The new High representative will permanently keep its post as the Commissioner of Foreign Affairs as he won't be changed every six months when a new member state undertakes

³⁴ Frank Slijper, "The emerging EU Military-Industrial Complex Arms Industry Lobbying in Brussels," *Transnational Institute*, no. 2005/1 (May 2005): 5-19.

³⁵ Posen, "European Union Security and Defense Policy," 180.

³⁶Peacekeeping missions under the auspice of EU have been launched in FYROM (Operation Concordia), Bosnia-Herzegovina (Operation Althea), Kosovo, Congo (Operation Artemis), Somalia, Georgia and Chad etc. See Stockholm International Peace Research Institute (SIPRI), *SIPRI Yearbook 2009 Summary: Armaments, Disarmament and International Security*, ed. Bates Gill (Oxford: Oxford University Press 2009), 6-7.

³⁷ Julian Lindley-French, "Headline Goal 2010 and the Concept of the EU battle groups: An Assessment of the Build-up of a European Defense Capability," *Cicero Foundation* (8 – 9 December 2005): 2-7.

³⁸ Ireland finally accepted Lisbon Treaty in November 2009 after a national referendum.

the presidency of the EU.³⁹ Also, due to the Franco-German axis effective pressure the permanent structured cooperation was decided according to which in case some members states regard that they do have the military capabilities to run a military mission under the aegis of EU, they must be allowed to do so, providing the rest member states approval via the special majority method so as to by-pass the veto right that could paralyse any CFSP decision.⁴⁰

FIRST CONCLUSIONS

So far it become understood that during the Cold War era (1945-1991) European nations were absolutely dependant on NATO in order to effectively face the Soviet threat and that all the significant agreements for the implementation of the European security strategy were strongly influenced by a series of economic agreements that affected their final configuration. During the 1992-2010 period European leaders decided the establishment of a set of agreements that could boost the evolution of CFSP further via its institutional integration. New agencies emerged to enhance the military integration of EU member states and the European defense industry. The peacekeeping missions that were successfully undertaken by the European Rapid Reaction Force in 19 different cases since 2003 showed that that the EU does not any more have an “army whose battlefield is within a desktop in Brussels”.

US SECURITY STRATEGY AS AN EMERGING COLD WAR SUPERPOWER TO THE 21ST CENTURY

With the end of WW II US remained the only western military power able to defend effectively the so called “free world” from the Soviet “iron curtain”. The new bipolar system that emerged was characterized by the harsh antagonism between the two new superpowers for geostrategic expansion and global dominance. However, American analysts and politicians did not see US intervention in global matters only as a chance for global hegemony but also as a means of protecting US’s politico-economic future regime. American analysts strongly influenced by Nicholas Spykman’s theory for Global Balance and thus interpreted Soviet ambitions for

³⁹ On November 2009 the Belgian Herman Van Rompuy was elected as the new president of EU whereas the demanding post of High Representative of the Union for Foreign Affairs was given to Catherine Ashton from the UK.

⁴⁰ Nicole Alecu de Flers, “The provisions on CFSP and CSDP,” 11-14.

geostrategic expansion in Eurasia as a serious threat similar to Nazi Germany's and Japan's autocrat military regimes intentions to dominate Western Hemisphere.⁴¹

The successful launch of the first two nuclear weapons against Japan in August 1945 made US policymakers early understood that due to their tremendous lethality, nuclear weapons should not be proliferated by all costs to other nations. US nuclear weaponry had a deterrent role. According to the American defense planning, nuclear weapons could be used as a final solution to deter any possible invasion of the Soviet military forces in Western Europe.⁴² However, American nuclear doctrine altered since Soviets managed to develop their own first nuclear weapons in 1949, eleven years earlier than the American estimations.⁴³ US policymakers attempted for a postwar global cooperation for international peace and stability with the Soviet regime. They thought that, through commerce, exports and investments in each others markets the case of war between the two superpowers could be expelled. But the two emerging superpowers were disagreeing in every issue for Europe and Asia.⁴⁴ It soon became evident that Soviets were eager for spreading communism, expand their power and eventually, even to confront with the Western powers as a way to achieve their ambitions.⁴⁵

It is obvious that the combination of the tremendous Soviet firepower in conventional weaponry enhanced by a lethal nuclear arsenal against an unprotected Western and Central Europe could pose a serious threat for US interests and security. Evidently, US analysts feared of being circulated gradually by hostile regimes existing even in the American Continent. Under those circumstances US post WWII governments were forced to abandon the Monroe Doctrine by replacing it with that of Truman, which meant that by that time and further on, US geopolitical interests and military presence could be expanded globally.⁴⁶

Defense weaknesses of states throughout Western Europe and Japan convinced US governments in the latest years of 40's that their contribution to their defense against the Soviet

⁴¹ Robert J. Art, "The United States, The Balance of Power, and World War II: Was Spykman Right?" *Security Studies* 14, no. 3 (July–September 2005): 368-373.

⁴² Mark Trachtenberg, *A Constructed Peace, the Making of the European Settlement 1945-1963* (Princeton: Princeton University Press, 1999), 96.

⁴³ Shulzinger, *U.S Diplomacy Since 1900*, 222-225.

⁴⁴ Kevin Narizny, "Rational Idealism: The Political Economy of Internationalism in the United States and Great Britain, 1870-1945," *Security Studies* 12, no. 3 (spring 2003): 3-4. See also Shulzinger, *U.S Diplomacy Since 1900*, 210.

⁴⁵ Seth Weinberger, "Institutional Signalling and the Origins of the Cold War," *Security Studies* 12, no.4 (Summer 2003): 95-96.

⁴⁶ Michael Cox, "From the Truman Doctrine to the Second Superpower Détente: The Rise and the Fall of the Cold War," *Journal of Peace Research* 27, no. 1 (February 1990): 25-31.

rising tide was bounded.⁴⁷ Instead of being circulated by hostile Soviet satellite regimes, US opted for its decisive expansion in Western Europe, Eurasia (mainly the Persian Gulf) and Japan so as to protect their allies and to securitize access in strategic industrial raw materials. For the above reasons, US signed a series of defense agreements with friendly states in Asia and Oceania to contribute to their protection. United States with Australia and New Zealand signed the (ANZUS Treaty) in 1951, the defense treaty with Filipinas (1951) and South Korea (1954), the SEATO treaty in 1954 and finally, the defense treaty with Japan in 1960.⁴⁸

It was obvious that the advantage of being the encircler, than the encircled, prevailed as a main American doctrine even when the United States and the Soviet Union both had nuclear weapons.⁴⁹ According to our view, this policy of “active defense” against a static deterrence policy was the real reason for the creation of the American global hegemony that followed during the next decades till today.⁵⁰

THE ECONOMIC PRICE FOR THE AMERICAN HEGEMONY

In the economic field, the US economy had recovered from the consequences of 1929's Great Depression through the mass production of the defense industry during 1941-45 which historically was named as military Keynesianism.⁵¹ Through the Bretton Woods Agreement (1944), the International Monetary Fund and the World Bank were created and a new stable economic environment was established based on Keynesian economic thought. In addition, via the Marshall Plan during 1948-1951, US transferred approximately 13.2 billion dollars for the

⁴⁷ Benjamin O. Fordham, “Domestic Politics, International Pressure and the Allocation of American Cold War Military Spending,” *Journal of Politics* 64, no. 1 (February 2002): 66-67.

⁴⁸ South East Asia Treaty Organisation except USA included also Australia, New Zealand, Pakistan, Filipinas, Thailand, France and the UK. See *The Military Balance 1990-1991* (London: Oxford University Press, 1990), 12.

⁴⁹ Art, “The United States, The Balance of Power,” 403.

⁵⁰ Historical evidence approves that Strategic Expansion was the real reason for the emergence of new global powers as it seems with the cases of the so called “Athenian Alliance” established in Ancient Athens after the Hellenic-Persian Wars of the 5th century B.C. See Nicholas C. Kyriazis and Michel S. Zouboulakis, “Democracy, Sea Power and Institutional Change: An Economic Analysis of the Athenian Naval Law,” *European Journal of Law and Economics* 17, (2004): 118–129. When it comes to the British naval supremacy after the post Elizabethan era in England see Paul Kennedy, *The Rise and the Fall of the Great Powers* (New York: Vintage Books, 1988), 151-159.

⁵¹ Fanny Coulomb and Jacques Fontanel, “Disarmament: A Century of Economic Thought,” *Defense And Peace Economics*, Special Issue (March 2002): 68-69.

recovery of the European economies, from which 3.2 billions were distributed to the UK, 2.7 to France, 1.5 to Italy and 1.4 to West Germany.⁵²

Previously in 1947, through the Truman Doctrine both Greece and Turkey had received economic assistance of 400 million dollars to reorganise their economies and to deter communism.⁵³ Thanks to the Marshall Plan, during 1948-1951 and afterwards most western European nations achieved rapid economic growth by wiping out the negative effects due to WWII economic recession. In 1951 their Gross Domestic Product was 10% higher than pre-WW II period and the Foreign Direct Investment levels in 50's and 60's were twice as those of 30's.⁵⁴

US spent at about 8.8 billion dollars for the military build up of Europe during 1951-55, whereas for the protection of the allied European countries from the Soviet danger US Armed Forces were obliged to preserve approximately 300.000 troops in Europe during the 1952-1991 period.⁵⁵ US spent 12.4 billion dollars for the economic support of Europe through the Marshall Plan, 69.5 for the Korean War (1950-1953), 22.3 for their commitments to NATO, 172.2 for the war in Vietnam whereas US economic and military aid to allied nations came up to 382 billion dollars for 1946-1987 period as a whole. World Bank which was heavily funded by the US, subsidized the friendly to US nations with the colossal number of 273 billions during Cold War era.⁵⁶ It is obvious that the economic price for US military prevalence and logistic support of the tremendous American army deployed globally was particularly high especially during war periods by US defense expenditure.

Just after 1945, both USA and USSR were engaged in a technological race for more deadly nuclear weapons and ballistic missiles. As soon as US had the strategic advantage of nuclear monopoly, many important personalities like famous scientists, philosophers and politicians like Leo Szilard and Bertrand Russell and above all the military, were discussing about a possible pre-emptive attack against the Soviet Union to prevent it from acquiring such a weaponry.

⁵²Branford De Long and Barry Eichengreen, "The Marshall Plan: History's Most Successful Structural Adjustment Program," *National Bureau of Economic Research*, Working Paper no. 3899 (October 1991): 14.

⁵³ Greece received 300 million dollars during 1945-49 Civil War. See Shulzinger, *U.S. Diplomacy Since 1900*, 207-210.

⁵⁴ De Long and Eichengreen, "The Marshall Plan," 50.

⁵⁵ Jones, "The European Union and the Security Dilemma," 132-138. Paul Kennedy also estimates that during Cold War, at about 50-60% of US military forces were allocated in Europe. Kennedy, *The Rise and the Fall of the Empires*, 518.

⁵⁶ Patterson, *On Every Front*, 192.

The European WW II winners like the British Prime Minister Winston Churchill and the French President Charles De Gaulle were in favour of such an attack.⁵⁷ However, in 1957 the Soviets launched their first Intercontinental Ballistic Missile (ICBM) and orbited their first satellite, the Sputnik.⁵⁸ Moreover, some of the political actions of both superpowers caused Cold War tension to escalate. Soviets invaded Czechoslovakia (1948 and 1968), Hungary (1968) and Afghanistan (1979) whereas Americans intervene in Europe through NATO, they engaged in the Korean War (1950-53) and they took part in the Cuban missile crisis in 1962.⁵⁹ During 1950's and 70's USA developed a new conceptual framework to analyze the nuclear threat by implementing new doctrines such as the "Mutually Assured Destruction" most known as MAD, the "Massive Retaliation" and the "Flexible Response."⁶⁰ In 1972 both USA and the USSR signed the Anti-Ballistic Missiles-ABM Treaty and the Strategic Arms Limitation Treaties in 1972 and 1979 and finally, the Intermediate Nuclear Forces Treaty in 1987, all intended to the limitation of nuclear weapon installations.⁶¹ Furthermore, during 80's the intention of the US president Ronald Reagan to launch an antiballistic protection system against ICBM's caused a new arms race between the superpowers most known as "Star Wars" that precipitated the collapse of USSR mainly due to its poor economic performance and thus, entailed the end of Cold War.⁶²

As historical data approve during Cold War, US spent twice than all the other NATO member states in absolute numbers whereas US contribution to NATO defense burden was as

⁵⁷ Marc Trachtenberg, "Preventive War and U.S. Foreign Policy," *Security Studies* 16, no. 1 (January–March 2007): 2-5.

⁵⁸ The equivalent US ICBM project called Atlas provided the first missile in 1958. See Davis Dyer, "Necessity as the Mother of Convention: Developing the ICBM, 1954-1958," *Business and Economic History* 22, no. 1 (Fall 1993): 194-196.

⁵⁹ Dagobert L. Brito and Michael D. Intriligator, "Arms races and proliferation," in *Handbook of Defense Economics*, ed. Todd Sandler and Keith Hartley (Amsterdam: North Holland, 1995), 155-159. This military hyper-expansion of both superpowers caused them to implement a policy of "Détente" with a view to create a safer global environment. See Patterson, *On Every Front*, 189-220.

⁶⁰ About MAD see Jack Hirshleifer, "Theorizing About Conflict," in *Handbook of Defense Economics*, ed. Todd Sandler and Keith Hartley (Amsterdam: North Holland, 1995), 171. However, as the Soviet Union began to build its strategic forces in the late 1960's and early 1970's MAD doctrine (1949-1966) was replaced by Flexible Response, allowing for a measured response to aggression that would avoid an immediate nuclear exchange. See Amara, "NATO Defense Expenditures," 450-453 ; Amy F. Woolf, "U.S. Nuclear Weapons: Changes in Policy and Force Structure," *Congressional Research Service* (January 23 2008): 6-7.

⁶¹ Brito and Intriligator, "Arms races and proliferation," 155-159.

⁶² Rowland T. Maddock, "The Soviet Defense Burden and Arms Control," *Journal of Peace Research* 24, no. 4 (December 1987): 388-391. For the inefficiencies of the central economic planning that lead to the final collapse of the Soviet economy see Fred Coleman, *The Decline and Fall of Soviet Empire, Forty Years that Shook the World, From Stalin to Lenin* (New York: St Martin's Press, 1996), 118-138.

high as 75%!⁶³ During 1985-89, the last period of Cold War, US were spending 6.3% of their GDP for defense whereas its NATO European allies were spending as a whole 3.3%, which is slightly more than the half of the American defense budget.⁶⁴ In 1992, a year after the end of the Cold War, those numbers declined further obviously due to the international trend for global disarmament. EU defense outlays declined from 209 to 183 billion dollars as a whole for 1989-1998 period.⁶⁵

To sum up, we could say that the postwar WWII geostrategic environment shaped in such a way that posed US intervention in global affairs necessary not only for the protection of their allies but for themselves too. However, according to our view it is not easy to reach a verdict about the true motives of US policy makers. Did the US contribute to the defense of their Allies only as a need for the protection of US politico-economic interests, or the adoption of the Trumann Doctrine was just the result of the American quest of hegemony after 1945, or a combination of both? Were US ready and capable of undertaking such global burdens for the protection of the free world, or their commitment was just the result of a historic conjuncture?

However, what is true and has been verified in this section, is that the economic price for the US military intervention globally to protect their allies was tremendous and that US allies reaped the rewards of peace and security via “Pax Americana” by free riding at the expense of US colossal defense burden.

US DEFENSE POLICY DURING 1992-2010

The collapse of the Soviet empire in 1991 created a new unipolar security system with the US remained the only global superpower. The global decline of defense spending affected US too. However, US continued to preserve their military presence in allied territories globally. Not only NATO did not disembodied but also expanded through two main enlargements in 1999 (Poland, Czech Republic and Hungary) and in 2004 (with ex-Soviet satellites Estonia, Latvia, Lithuania and also Romania, Slovenia and Slovakia).⁶⁶

⁶³ James C. Murdoch, “Military Alliances: Theory and Empirics,” in *Handbook of Defense Economics*, ed. Todd Sandler and Keith Hartley (Amsterdam: North Holland, 1995), 102. See also among others Prabal Roy Chowdhury, “Alliances Among Assymetric Countries”, *Defense And Peace Economics* 18, no. 3 (June 2007): 253-263.

⁶⁴ Paul Dunne, “The Defense Industrial Base,” in *Handbook of Defense Economics*, ed. Todd Sandler and Keith Hartley (Amsterdam: North Holland, 1995), 411-414.

⁶⁵ Chistos Kollias, Emmanouel Athanasiou and Stavros Zographakis, “The Effects of Defense Spending Reductions: A CGE Estimation of the Foregone Peace Dividend In the Case of Greece,” *Defense And Peace Economics* 13, no. 2 (January 2002): 111.

⁶⁶ Amara, “NATO Defense Expenditures,” 449.

These two enlargements in Eastern Europe were strongly opposed by Russia but they considered necessary for the protection, democratization, marketization and thus economic prosperity of central-east European nations.⁶⁷ During 1995-2004 US military personnel was reduced from 2.2 million to 1.4.⁶⁸ But the gradual reduction of US defense expenditure during 1985-1998 terminated abruptly when new elements indicated that Iraq was developing chemical, biological and nuclear weapons of mass destruction.⁶⁹

In September 11, 2001 the horrible terrorist attack in the twin towers of the International Commerce Center in New York caused the death of 3000 American civilians and an economical damage of 28.7 billion dollars.⁷⁰ After the strike US government undertook a new “crusade against terrorism” that caused the defense expenditures during 2000-2009 period to skyrocket.

US defense budget as a percentage of the annual GDP increased from 3.15% to 4.88 % during 1999-2008 period an increase at about 75% and jumped from 3.1% to 4.9% of GDP for 2000-2009 period.⁷¹ After the 11/9, US government launched a campaign in Afghanistan (2001), in Iraq (2003) and some other anti-terrorist operations that burdened US defense budget with 1.024 trillion dollars during 2001-2010 period.⁷²

Finally, it is estimated that the total US defense expenditures in “war against terror” campaigns until 2013 will cost to the American citizens the astronomical number of 1.3-1.8 trillion dollars!⁷³

⁶⁷ Except NATO all these states became members of the EU too. See Rachel A. Epstein, “Nato Enlargement and the Spread of Democracy: Evidence and Expectations,” *Security Studies* 14, no. 1 (January–March 2005): 64. The most recent participation in NATO decided in 2009, when Albania and Croatia joined in. See NATO Library, “Accession of Albania and Croatia to NATO,” *Public Diplomacy Division*, no. 2 (2 April 2009): 2-12.

⁶⁸ Todd Sandler and Keith Hartley, “Defense in a Globalized World: An Introduction,” in *Handbook of Defense Economics* ed. Todd Sandler and Keith Hartley (Amsterdam: North Holland, 1995), 618.

⁶⁹ Ronald R. Krebs and Jennifer K. Lobasz, “Fixing the Meaning of 9/11: Hegemony, Coercion, and the Road to War in Iraq,” *Security Studies* 16, no. 3 (July–September 2007): 415.

⁷⁰ Walter Enders, “Terrorism: An Empirical Analysis,” in *Handbook of Defense Economics* ed. Todd Sandler and Keith Hartley (Amsterdam: North Holland, 1995), 849-850.

⁷¹ *The Military Balance, 2010* (London: Routledge Taylor & Francis Group, 2010), 22-23. Major increase in military spending for the same period is also verified by other two reliable sources: See Travis Sharp, “Fiscal Year 2010 Pentagon Defense Spending Request: February Topline,” *Centre for Arms Control and non Proliferation*, (February 26 2009): 4-12 ; SIPRI, “SIPRI Yearbook 2009,” 11-13.

⁷² *The Military Balance, 2010*, 24.

⁷³ Congressional Budget Office, *Withdrawal of U.S. Forces from Iraq: Possible Timelines and Estimated Costs* (Washington, D.C.: 2009), 50. See also the *The Military Balance, (2010)*, 27.

THE AMERICAN STRATEGY FOR THE EUROPEAN CFSP

US politicians faced the European CFSP policy from its early stages with mistrust. After the Maastricht Agreement in 1992, US policymakers feared that the reactivation of CFSP through WEU and the Franco-German multinational military troops (the Eurocorps) could undermine NATO's efficiency and might limit their influence in Europe. Thus, American diplomats as early as 1992 achieved the incorporation of WEU/Eurocorps to the North-Atlantic Alliance's structures so that they could not function as a competitor but as a supplement to NATO⁷⁴.

Moreover, the St. Malo British-French agreement for the implementation of an autonomous CFSP raised a lot of concerns to American policymakers about NATO's survivability.⁷⁵ Moreover, the 1998 Helsinki decisions from EU member states for the creation of the proposed 60.000-man Rapid Reaction Force was regarded harmful for the further continuation of transatlantic ties.⁷⁶ US policymakers thought that due to the different views between the Franco-German Axis and USA about the political-military manipulation of Kosovo crisis in 1999, both France and Germany were working for the limitations of NATO's responsibilities.⁷⁷

Thus, during the Washington Summit in April 1999 on the occasion of NATO's 50th anniversary, US policymakers demanded the integration of WEU and Eurocorps into the Atlantic Alliance structures with the view to limit their autonomy.⁷⁸ From the overall analysis in this section we deduce that the US post Cold War strategy is to help their European allies develop their own military capabilities and become more effective in security matters but within a NATO framework so that US policy could maintain its hegemonic role in Europe.

COMPARING EUROPEAN TO AMERICAN DEFENSE STRATEGY

In this section we will make an attempt to determine the factors that determine US global supremacy in the 21st century in terms of geopolitical power. According to the theory the level of

⁷⁴ Felix Berenskoetter and Bastian Giegerich, "From NATO to ESDP: A Social Constructivist Analysis of German Strategic Adjustment after the End of the Cold War," *Security Studies* 19, (August 2010): 434-435.

⁷⁵ Hunter, *The European Security and Defense Policy*, 34-44.

⁷⁶ Ronald R. Krebs, "Exchange: A Debate Miscast-Or What Can We Learn From the Case of the EDC?" *Security Studies* 11, no. 3 (spring 2002): 198.

⁷⁷ Berenskoetter and Giegerich, "From NATO to ESDP," 439.

⁷⁸ Anderson and Seitz, "European Security and Defense Policy Demystified", 26. See also Berenskoetter and Giegerich, "From NATO to ESDP," 441.

the economic strength of a nation determines its military capabilities.⁷⁹ Ray Cline presented his own mathematical equation of power which can be described as $Pp = (C+E+M) \times (S+W)$. According to it, the power (Pp) of a nation is determined by the sum of its critical mass of population (C=capacity), its economic (E) and military (M) strength, multiplied by the aggregate result of its strategic goals (S) and the will of political leadership (W) to implement the national strategy.⁸⁰

However, any attempt to estimate the overall power of a state must also include a series of other factors like geography, military organisation, moral and vigour of a nation and the incentives a society gives to individual action and latitude.⁸¹ In order to evaluate US power we will focus on the first 3 factors (economy, military, population) because strategic goal, political will etc as possible variables are determined by a spectrum of subjective factors which makes their evaluation extremely perplexed, something which we consider that diverges from the purpose of our analysis.

When it comes to the American economy, the 2007-2009 financial crisis had as a consequence US astronomical GDP to lessen from 14.2 in 2008 to 13.8 trillion dollars in 2009, which caused a negative growth (-2.7%). Moreover, GDP per Capital declined from 46.913 in 2008 to 45.161 in 2009 but is still very high. However, the new Obama administration emergency measures launched in 2008/9 such as, the Troubled Asset Relief Program (TARP) and the Financial Stability Plan so as to restore trust in the finance industry and create more jobs, had as a result the return of growth for US economy, in the third quarter of 2009 bringing the recession officially to an end.⁸²

In addition, thanks to the American Recovery and Reinvestment Plan American government is going to channel 775 million dollars to economy focusing on infrastructure, energy and education, so that 3 millions of jobs will be saved or created by the end of 2010.⁸³ According to the Bureau of Economic Analysis (BEA), real GDP increased to 5.6% in the fourth quarter of 2009 whereas GDP increased at about 2.7% in the first quarter of 2010, and 1,7%

⁷⁹ Evaghorou L. Evaghoras, "The Economics of Defense of Greece and Turkey: A Contemporary Theoretical Approach for States Rivalry and Arms Race," *Center for International Politics Thessaloniki*, paper presented on the 10th Annual International Conference on Economics and Security, 22-24 June 2006.

⁸⁰ Ray S. Cline, *World power assessment: A calculus of strategic drift* (Colorado: Westview Press, 1975), 124.

⁸¹ Jeremy Black, *Great Powers and the Quest for Hegemony, The world order since 1500* (London and New York: Routledge, Taylor and Francis Group, 2008), 1-10.

⁸² *The Military Balance*, (2010), 21-23.

⁸³ Christina Romer and Jared Bernstein, "The Job Impact of the American recovery and Reinvestment Plan, Office of the Vice President-Elect," *Council of Economic Advisers*, (January 2009): 3-11.

during the second. This positive outcome of GDP must be attributed to increases in personal consumption expenditures, fixed and private investments, exports and local government spending.⁸⁴ By the above outline we deduce that American economy is gradually recovering from 2007 financial crisis, which is very crucial for the future geopolitical American supremacy as economic performance is a major factor of a nation's strength according to the famous Cline's Equation of Power.

WHY U.S IS A SUPERPOWER

As far as military capability is concerned measured here by the level of defense outlays, US defense budget reduced slightly from 696.3 billion dollars in 2008 to 693.6 in 2009 and to 664 in 2010.⁸⁵ A little different estimation gives 668 billion dollars for 2010, from which 130 billions are going to be channelled in the ongoing military campaigns in Iraq and Afghanistan, that is analogous to 4-4.8% of national GDP and 23% to the total budget intended for the implementation of fiscal policy.⁸⁶ Defense expenditures for fiscal year 2011 are estimated to be 712 billion dollars which is going to be equivalent to 22% of the total national budget and 4.8% of GDP.⁸⁷ As for the size of US Armed Forces military personnel, it was as high as 1.580.255 in 2009.⁸⁸

Table 1 presents the 10 larger defense spenders globally (in billion dollars) for 2009 based on Stockholm International Peace Research Institute (SIPRI) data from which it can be easily understood why US still preserve their military supremacy in the 21st century: According to SIPRI, United States spent 661 billions of dollars for defense which is astronomically higher compared to the second in classification China (100 billions) and the third France (63.9 billions).⁸⁹

⁸⁴ Bureau of Economic Analysis (BEA), U.S. Department of Commerce (30 September 2010) in http://www.bea.gov/newsreleases/national/gdp/2010/pdf/gdp3q10_adv.pdf

⁸⁵ See *The Military Balance*, (2010), 31 and also Sharp, "Fiscal Year 2010 Pentagon Defense Spending," 1.

⁸⁶ Todd Harrison, "Analysis of the Fiscal Year 2010 Defense Budget Request," *Center for Strategic and Budgetary Assessments*, (2009): 1.

⁸⁷ Todd Harrison, "Analysis of the Fiscal Year 2011 Defense Budget Request," *Center for Strategic and Budgetary Assessments*, (2010): 1-5.

⁸⁸ *The Military Balance*, (2010), 31.

⁸⁹ See <http://www.sipri.org/yearbook/2009/05/05A>.

Table 1
The 10 military spenders in the world in 2009 (in billion dollars)

Rank	Country	Spending	World Share (%)
1	United States:	661	43
2	China:	[100]	[6.8]
3	France:	63.9	4.2
4	United Kingdom:	58.3	3.8
5	Russia:	[53.3]	[3.5]
6	Japan	51.0	3.3
7	Germany:	45.6	3.0
8	Saudi Arabia:	41.3	2.7
9	India:	36.3	2.4
10	Italy	35.8	2.3
	World Total:	1464	

[] = SIPRI estimate.

Source: SIPRI 2009, <http://www.sipri.org/yearbook/2009/05/05A>.

The rest European and Asian nations like UK and Saudi Arabia had substantially lower defense outlays compared to the US. Moreover, US were responsible for the 43% of global defense outlays comparing to the 22% of European nations altogether.⁹⁰ Finally, as for the third major factor of power, American population was 304 millions in 2009 and according to estimations, the entrance of approximately 40 million economically active immigrants to the american economy until 2025 will replace a possible reduction in the number of births.⁹¹

As a final statement for the analysis in this section we believe that US triptyque, which is economic strength through economic recovery, military supremacy via unbeatable defense outlays, global military presence in crucial areas of geostrategic interest, their tremendous firepower, and the relatively positive prospects of population numerical tendency can reassure that with the appropriate strategy in the 21st, US will continue to hold the sceptre of global supremacy. In the last section of our analysis we present some possible estimations about future challenges the US might face in an attempt to preserve its dominance as a global superpower.

⁹⁰ Sharp, "Fiscal Year 2010 Pentagon Defense Spending", 8-10. The tremendous difference in defense expenditures between US and the rest of the world is also verified by other reliable sources: See, http://www.armscontrolcenter.org/policy/securityspending/articles/US_vs_Global and *The Military Balance*, (2010), 462-472.

⁹¹ Global Trends 2025, *A Transformed World* (Washington, D.C.: US Government Printing Office, 2008): 19.

COMPARING EUROPEAN TO AMERICAN DEFENSE STRATEGY THROUGH THE ISSUE OF THEIR DEFENSE EXPENDITURES.

As it has been mentioned before, US defense expenditures for 2011 will rise up to 712 which is analogous to 4.8% of 2011 GDP. A slightly different ceiling in defense expenditures estimates them as high as 733 billion dollars.⁹² On the contrary, European defense expenditures as a whole sum 1.8% on average.⁹³ EU member states unwillingness to spend more on their defense can be explained by the Theory of Alliances first introduced by Olson and Zeckhauser. According to their empirical study about NATO members, they found that within an Alliance, larger industrialized nations bear disproportionate shares of defense burden comparing to the less developed and smaller allies.⁹⁴

Europeans seem to have adopted a “free rider” strategy at the expense of the US during the Cold War and afterwards because they face security as a public good for which the non-exclusion principle stands.⁹⁵ It is obvious that the Marginal Benefit (MB) of Security via NATO is greater than the Marginal Cost (MC) for the European member states as US pay the bill. Furthermore, even between members states burden sharing is not distributed equally. It is very characteristic that 4 out of 15 member states (France, UK, Germany and Italy) were responsible for 62.6% of EU’s defense expenditures as a whole.⁹⁶ In Prague in 2002 it was decided a minimum contribution of 2% of GDP in defense expenditure for the European NATO members but an Alliance’s essay estimated that USA, Greece, Turkey and Norway were the only “consistent” members in terms of defense burden sharing.⁹⁷

The reasons of the European nations denial to share greater defense burden within NATO can be ascribed mainly to the end of Cold War, to the austere measures of the EU’s

⁹² Laicie Olson, “Fiscal Year 2011 Defense Spending Request: Briefing Book,” *Center for Arms Control and Non-Proliferation* (February 2010): 3-4.

⁹³ See Table II on Christos Kollias, “A preliminary Investigation of the Burden Sharing Aspects of a European Union Common Defense Policy,” *Defense And Peace Economics* 19, no. 4 (August 2008), 256.

⁹⁴ Mancur Olson and Richard Zeckhauser, *An Economic Theory of Alliances* (Santa Monica, California The RAND Corporation, 1966), 1-3, 35-37.

⁹⁵ Martin McGuire, “Economics of Defense in a Globalized World,” in *Handbook of Defense Economics* ed. Todd Sandler and Keith Hartley (Amsterdam: North Holland, 2007), 626-635. US ex-president Dwight Eisenhower as early as 1956 was urging US European allies in NATO for their unwillingness to spent more about their defense. He characteristically said that “he was tired of having the whole NATO in US shoulders”. See Trachtenberg, *A Constructed Peace*, 153.

⁹⁶ Kollias, “A preliminary Investigation of the Burden Sharing Aspects,” 257.

⁹⁷ Jomana Amara, “Evaluating NATO Long Run Defense Burdens Using Unit Root Tests,” *Defense And Peace Economics* 18, no.2 (April 2007): 157-167.

Stability Pact that does not allow extraordinary fiscal expenses and to the EU's commitments for the economic support for the new Eastern Europe member states like Poland.⁹⁸ Finally, the demographic crisis in Europe that according to estimations, may escalate approximately in 2035-50 period will potentially cause problems to pension and social security systems, which means that it will squeeze further down the European defense budgets.⁹⁹

EUROPEAN MILITARY INEFFICIENCIES AND US INDUSTRIAL DOMINANCE IN MILITARY APPLICATIONS

The construction of European defense is characterized by structural deficiencies that undermine their effectiveness compared to the US. Member states Armed Forces use a variety of different types of weaponry that cause inefficiencies and waste of money that increase the Average Cost of their maintenance. From this thesis a new query arises, that of the operational evaluation of EU's Armed Forces. Moreover, European defense industry is characterized by the development of many similar weapon systems primarily to satisfy the national defense industries that are substitutes of one another. High R&D cost which is necessary for the production of modern complex and highly sophisticated weapon systems in combination to small endogenous markets make European military products less competitive to American.¹⁰⁰

Table 2 refers to a very characteristic branch of defense industry, that of fighter aircrafts. It presents R&D fighter costs and the total number of production which includes national orders and exports. Table 3 proves that american aircraft industry can cover the R&D costs and make profit mainly due to the huge US internal market which is protected by foreign competitors thanks to american legislation. By contrast, european national industries can not absorb the R&D cost and make reasonable profit due to the small orders they have received which produce non sufficient revenues for european governments.

⁹⁸ Anthony Annett, Jörg Decressin and Michael Deppler, "Reforming the Stability and Growth Pact," *International Monetary Fund* (February 2005): 2-5. For the EU commitments about the economic support of east Europe states see Artis and Nixon, *The Economics of the European Union*, 85-94.

⁹⁹ For the awkward demographic trends in Europe see Hans Werner Sinn, "Europe's Demographic Deficit: A Plea for a Child Pension System," *De Economist* 153, (December 2005): 3-6.

¹⁰⁰ Keith Hartley, "The Common European Security and Defense Policy: An Economic Perspective," *Centre for Defense Economics*, (2001): 3-4.

Table 2
R&D COST AND ORDERS ANALYSIS FOR THE MAIN FIGHTER AIRCRAFTS
FROM USA AND THE EU

Aircraft	Country of Origin	R&D costs (£ billion)	National Output	Exports	Total Numbers
SAAB Gripen	Sweden	1.3	204	42	246
Dassault Rafale	France	6.1	294	-	294
EF-2000	United Kingdom	13.8	620	90	710
Typhoon	Germany Italy Spain				
JSF F35	USA	13.7	3002 (150 for UK)	2000 (projected)	5000 (approximately)
F16	USA	N/A	2250	1750	4000+
F18	USA	4.0	1363	401	1764
F22 Raptor	USA	15.2+	295	-	295

Source: <http://www.uoit.ca/sas/Military%20Expenditures/defense.economics.pdf>

This obviously makes European fighter jets more expensive and consequently, less antagonistic to their American rivals in international markets. So, the principal advantage of US firms in the defense sector is that they achieve economies of scale due to the large number of orders mainly made by US Armed Forces.¹⁰¹ For instance, the proposed new US made 5th generation F35 stealth fighter will receive 2.443 orders from US Air Force, US Navy and the Marines and is going to be developed mainly by one company (Lockheed-Martin).¹⁰² Thus, it will probably achieve economies of scale. This tremendous number excludes orders from the allied to US countries estimated at about 700 and thus, increasing the ceiling of the imminent orders to at least 3.173 aircrafts.¹⁰³ On the contrary, the multinational Eurofighter Typhoon (EF2000) so far

¹⁰¹ Keith Hartley, "Industrial Policies in the Defense Sector," in *Handbook of Defense Economics* ed. Todd Sandler and Keith Hartley (Amsterdam: North Holland, 1995), 462-466.

¹⁰² Jonathan D. Caverley, "United States Hegemony and the New Economics of Defense," *Security Studies* 16, no. 4 (October–December 2007): 607.

¹⁰³ The initial plan was to product 3002 aircrafts for US needs as shown in Table 3 with an R&D rising up to 10.4 billion dollars. However, due to continuous rising of R&D costs production reduced to 2443 fighters to replace at about 1.200 F-16 fighters in 2030. See Jeremiah Gertler, "F-35 Joint Strike Fighter (JSF) Program: Background and Issues for Congress," *Congressional Research Service* 1, (December 22 2009): 17-19 ; Anthony H. Cordesman and Hans Ulrich Kaeser, "America's Self-Destroying Airpower," *Center for Strategic and International Studies* (December 16 2008): 19-25 ; Mark Van De Vijver and Bart Vos, "Improving Competitive Positioning in the Aerospace Industry: A Case Study of Dutch Participation in the F35 Lightning II (JSF) Programme," *Defense And Peace Economics* 18, no. 6 (2007): 509-515. A further reduction of orders from F35's contributing nations is possible as R&D costs still increase. See

has received only a little more than 620 orders and the industrial share between the four producing companies varies between 14-37% which according to our point of view, is not a good example of cost reduction.¹⁰⁴

Moreover, US government is heavily financing R&D on military projects run by American firms so as to reduce the possibility of a program failure in case of a possible excess in the cost of the projects which are under development.¹⁰⁵ Table 3 presents national defense outlays on subsidizing R&D measured with the Purchasing Power Parity (PPP) method in 2001 constant prices.

Table 3
DEFENCE R&D FOR MILITARY APPLICATIONS FOR THE 1981-2004 PERIOD (IN MILLION DOLLARS IN 2001 PRICES MEASURED BY THE PPP METHOD).

Country	1981	1991	2001	2004	Defense Industry Employment 2003 (000s)	Defense R&D as percentage of Defense Budget 2001 (%)
USA	34.751	51.105	46.210	67.464	2.700	14.6
USSR/Russia	64.100	68.500	4.800	6.100	780	11.5
UK	6.465	4.593	3.267	4.681	200	9.1
France	4.936	6.899	3.708	4.061	240	11.1
Germany	1.258	2030	1.231	1.410	80	4.6
Japan	272	807	996	1.148	80	2.2
Italy	334	748	407	Not Available	26	1.8
Spain	28	519	2.215	Not Available	20	31.2
Sweden	269	636	295	667	25	6.8
Total EU	13.290	15.425	11.123	13.441	645	6.9
Total	112.413	135.837	63.129	88.153	4.151	9.1

Source: Keith Hartley, "The arms Industry, Procurement and Industrial Policies," in *Handbook of Defense Economics*, ed. Todd Sandler and Keith Hartley (Amsterdam: North Holland, 2007), 1154

Table 3 shows that during the 1981-1991 period, the two superpowers seemed to spent colossal amounts of money for R&D comparing to the other nations. USSR was the largest

Winslow Wheeler (2010) "How Much Will Each F-35 Cost?" *Center for Defense Information* in http://www.cdi.org/program/document.cfm?DocumentID=4596&from_page=../index.cfm.

¹⁰⁴ Caverley, "United States Hegemony and the New Economics of Defense," 613.

¹⁰⁵ William P. Rogerson, "Incentive Models of the Defense Procurement Process," in *Handbook of Defense Economics*, ed. Todd Sandler and Keith Hartley (Amsterdam: North Holland, 1995), 311-316.

spender for R&D (68.500 million dollars in 1991) followed by USA (51.105 millions), some European member states and Japan. But after the collapse of the Soviet Empire in 1991, European nations, with the exception of Spain cut down their R&D budgets. Japan followed the general trend and Russia dramatically reduced them.

After Cold war, US governments and private firms, in antithesis to the rest of the world, increased their R&D on military applications. In 2004 US were responsible for the 70% of global national R&D expenditures (67.474 millions), followed by the Russian budget (6.100 millions), which was less than the 1/11 of the American astronomical number. Western European allied nations slightly started to increase their outlays for R&D after 2001 in absolute numbers.¹⁰⁶

US spent nearly four times as much on defense research as the rest of OECD countries combined. Between 1999 and 2005 defense R&D as a percentage of GDP increased from 0.45% to 0.63% and was analogous to the 57% of all US R&D government spending for 2005.¹⁰⁷ The tremendous American contribution in R&D can be also verified by the last column of table 4 which displays that US spent about 14.6% of their defense budgets for R&D, followed by Russia (11.5%) and EU with 6.8% as a whole which proportionally was less than half of the American one!

By the overall analysis we deduce that the large orders for military equipment by US Armed Forces and their international allies, in combination to the US colossal outlays for R&D in military applications proves why seven american industrial giants like Lockheed-Martin, Boeing and Northrop-Grumman are among the first 10 companies of the military industry in global level in terms of revenues classification.¹⁰⁸

DOES PAX AMERICANA REACH ITS END IN 2025/30 ?

As historical evidence has proved with the cases of the Ottoman Empire, the Habsburg Spain and the Napoleonic France, their global hegemony and military strength undermined when their economic performance declined due to their will to over-expand their power through new military campaigns.¹⁰⁹ Kennedy's thesis that the countries with the most powerful economy usually prevail in war confrontations has been verified in practise with the case of Britain's post Napoleonic long period of economic strength and naval supremacy known today as "Pax

¹⁰⁶ Keith Hartley, "The arms Industry, Procurement and Industrial Policies," in *Handbook of Defense Economics*, ed. Todd Sandler and Keith Hartley (Amsterdam: North Holland, 2007), 1152-1155.

¹⁰⁷ Caverley, "United States Hegemony", 605-606.

¹⁰⁸ BAE Systems plc, *BAE Systems Annual Report* 2008, 15.

¹⁰⁹ Kennedy, *The Rise and the Fall of the Great Powers*, 9-14, 31-139.

Britannica” and during US dominance in the Cold War era.¹¹⁰ However, US economy presented signs of decline since the late 80's.¹¹¹

According to our view, an important aspect for the continuation of the US global dominance is the size of their future fiscal figures proposed for defense. As it was mentioned before, US spent 668 billion dollars for defense for fiscal year 2010 comparing to 200 billions of their European allies as a whole. We also mentioned that according to estimations, war efforts in Iraq and Afghanistan will totally cost an astronomical number which will vary between 1,3-1,8 trillion dollars.

In accordance with the new Obama Government’s planning, US troops in Iraq reduced from 140.000 in the spring of 2009 to 50.000 in August 2010 and must have been withdrawn from Iraq by the end of 2011 as the American government seeks for reducing war expenses.¹¹² However, despite the American policymakers intentions to cut down defense outlays and disengage from Iraq, it is likely, based on historical record that till 2017 US to be engaged in new war efforts with any of the countries that consist the “Axis of Evil ”, mainly North Korea and Iran.¹¹³

¹¹⁰ Yoav Gortzak, “How Great Powers Rule: Coercion and Positive Inducements in International Order Enforcement,” *Security Studies* 14, no. 4 (October–December 2005): 678. For the British naval and geopolitical supremacy see Kennedy, *The Rise and the Fall of the Great Powers*, 151-158.

¹¹¹ US need to preserve their global dominance undermined the strength of their economy mainly as far as the Federal Deficit and Debt ratios are concerned. (Ibid) 527-228. Moreover, during the Cold War era the low level of spin offs created by the huge outlays on military R&D harmed the competitiveness of US economy. On the contrary, US main commercial competitors such as West Germany and Japan predominantly focused on non military R&D, which made them more competitive. See Paterson, *On Every Front*, 196.

¹¹² Congressional Budget Office, *Withdrawal of U.S. Forces from Iraq: Possible Timelines and Estimated Costs* (Washington, D.C.: 2009), 1-6.

¹¹³ For the possibility of a new American military engagement till 2017 see Steven M. Kosiak, “US Defense Budget Options and Choices for the Long Haul,” *Center for Strategic and Budgetary Assessments*, (2008): 19. It is evident that the Countries that consist the “Axis of Evil ” like North Korea and Iran seek for achieving the “combination of terror” that is to build a nuclear arsenal and ballistic missiles capable to transfer them effectively in a variety of potential targets. Both states many times denied to provide persuasive evidence to the inspectors of the International Atomic Energy Agency (IAEA) for the peaceful intentions on their nuclear aspirations. See among others, Kenneth Katzman, “Iran: U.S. Concerns and Policy Responses,” *Congressional Research Service*, (June 2006): 13. Since 2001 US government has passed laws and used sanctions to deter any transfer of nuclear technology to Iran by countries like North Korea. See Carl Behrens and Mary B. Nikitin, “Extending NASA’s Exemption From the Iran, North Korea, and Syria Non proliferation Act,” *Congressional Research Service*, (2008): 1. As for the ballistic missiles program of North Korea see Steven A. Hildreth, “North Korean Ballistic Missile Threat to the United States,” *Congressional Research Service*, (January 2008): 1-6 and Sun-won Park, “North Korea’s Third Attempt to Launch a Long Range Missile and

However, according to our view, an important aspect for the continuation of the US global dominance is the size of their future fiscal figures. CBO projects that the public deficit ratio will increase at about \$600 billion per year on average over the 2011–2020 period ranging between 2.6 and 3.2 percent of GDP. At the end of 2009 US public debt was \$7.5 trillion or 53% of GDP. Yet, it is projected that due to the annual increase of public deficit, public debt will also increase to \$15 trillion by the end of 2020, which will be analogous to 67% of GDP (table 4a). But according to CBO, US GDP will increase by 2.2 percent in 2010, by 1.9 percent in 2011, by an average of 4.4 percent from 2012 to 2014 and by 2.4 percent from 2015 to 2020 (table 4b).¹¹⁴ Also, GDP growth for 2015-30 period is estimated to be increased at about 2.6% annually.¹¹⁵

CBO admits that military expenditures will continue to rise gradually during 2010-2020 period from 656 billions of dollars in 2010 to 813 in 2020, as it is shown on table 4c. However, we believe that due to the projected recovery of US economy, increased defense budgets will be handled effectively. But despite the US future GDP growth, public deficit will continue to rise affecting also public debt. This situation may harm the competitiveness of US economy as it likely to cause higher interest rates, higher inflation and higher wages and salaries.

Having in mind the above analysis we believe that during 2010-2025/30 period US will continue to promote Pax Americana since their economy will be strong enough to absorb any potential increase in public debt which is substantially affected by the level of annual defense outlays. Since Cold War to nowadays US unparalleled military dominance has not yet been put to the test.¹¹⁶ Today there are very few US adversaries that either have the motives or the capability to challenge US militarily.¹¹⁷

the Last Opportunity to Prevent it,” *Center for Northeast Asian Policy Studies*, (March 2009): 1-15. For the Iranian ICBM program see Steven A. Hildreth, “Iran’s Ballistic Missile Programms, An Overview,” *Congressional Research Service*, (February 2009): 1-5.

¹¹⁴ Congressional Budget Office, “The Budget and Economic Outlook”, 48-122.

¹¹⁵ U.S. Department of Transportation, *FAA Aerospace Forecast Fiscal Years 2010-2030*, (Washington, D. C.: Federal Aviation Administration, 2010), 29-30.

¹¹⁶ Andrew F. Krepinevich, “An Army at the Crossroads, Strategy for the Long Haul Series,” *Center for Strategic and Budgetary Assessments*, (2008): 1-3.

¹¹⁷ Evan Braden Montgomery, “Defense Planning for the Lon Haul: Scenarios, Operational Concepts, and the Future Security Environment,” *Center for Strategic and Budgetary Assessments*, (2009): 8.

Table 4
ECONOMIC PROJECTIONS FOR US GDP GROWTH, PUBLIC DEFICIT AND DEFENSE OUTLAYS FOR
2009-2020 PERIOD.

CBO's Economic Projections for Calendar Years 2009 to 2020

Table 4a

	Forecast			Projected Annual Average	
	2009	2010	2011	(2012-2014)	(2015-2020)
	Year to year percentage change				
Nominal GDP (billions of dollars)	14.253	14.706	15.116	17.816	22.770
Nominal GDP	-1.3	3.2	2.8	5.6	4.2
Real GDP	-2.5	2.2	1.9	4.4	2.4

Table 4b

Total Revenues, Total Outlays and Total Deficit

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	(2011- 2015 period)	(2011-2020 period)
Total Revenues	2.105	2.175	2.6700	2.964	3.218	3.465	3.625	3.814	3.996	4.170	4.352	4.563	15.941	36.836
Total Outlays	3.518	3.524	3.650	3.613	3.756	3.940	4.105	4.335	4.521	4.712	5.000	5.250	19.065	42.883
Total Deficit	-	-	-980	-	-539	-475	480	-521	-525	-542	-649	-687	-3.124	-6.047
	1.414	1.349		650										

Total Revenues, Total Outlays and Total Deficit as a percentage of GDP

Total Revenues	14.8	14.9	17.8	18.8	19.3	19.7	19.7	19.8	19.9	20.1	20.2	19.1	19.6
Total Outlays	24.7	24.1	24.3	23.0	22.5	22.4	22.3	22.6	22.6	23.1	23.3	22.9	22.8
Total Deficit	-9.9	-9.2	-6.5	-4.1	-3.2	-2.7	-2.6	-2.7	-2.6	-3.0	-3.0	-3.7	-3.2

Table 4c

Defense Expenditures for 2009-2020 period

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	(2011- 2015 period)	(2011- 2020 period)
	In billion dollars													
Defense Expenditures	656	690	701	696	705	716	730	749	761	773	795	813	3,548	7,440
	As a percentage of GDP													
Defense Expenditures	4.6	4.7	4.7	4.4	4.2	4.1	4.0	3.9	3.8	3.7	3.7	3.6	4.3	4.0

Source: Congressional Budget Office, "The Budget and Economic Outlook: Fiscal Years 2010 to 2020" (January 2010): 48-122.

But this positive scenario for American economic and geopolitical supremacy till 2025/30 period might have its counterpart: What effects on US economy could have a worst case scenario that may combine:

- Escalation in war effort in Iraq and Afghanistan.
- Slow exit from 2007-9 financial crisis for US economy.
- New military campaigns with one or more enemies simultaneously (like Iran, North Korea, Syria, Yemen etc).
- Failure to wipe out global terrorism.
- Denial of NATO European and global US allies to contribute substantially to the “war against terror” campaign.

Seeing future US security policy through Paul Kennedy’s spectacles bearing in mind his classical masterpiece “The Rise and the Fall of the Great Powers”, any possible US attempt to prevail in all geopolitical and economic fronts will cause their decline due to the tested historical examples of the past. As historical evidence has approved so far, power is not a natural monopoly. The unipolar world followed the collapse of the ex-Soviet empire will not last for ever.¹¹⁸ However, it remains to be seen by future historians, economists and political scientists if US will manage to preserve their global dominance after 2025/30 period or their strength might fade due to the emergence of new global powers.

¹¹⁸ Nial Ferguson asserts that in case US after their disengagement from Iraq see that the time has come to abandon their imperial position, some other possible powers will seek the opportunity for global hegemony. See Nial Ferguson, *Colossus, the Rise and the Fall of the American Empire* (London: Penguin Books, 2005), 295-298. Fergusson believes that any future geopolitical decline of the West, mainly the US will create a vacuum (calling it apolarity) that only the Asian rising powers could fill. Although we agree that Asian states like China and India might be the new emerging superpowers of the 21st century, we have many doubts to believe that a possible US geopolitical decline is a foregone conclusion. As it has been approved in the second part of our analysis, the recovery of US economy in 2009, the unrivaled American global military supremacy and the good odds for the level of the American population perceived here as the future taxpayers that will fund the tremendous US military machine, make as to believe that what is next American unipolarity is not the geopolitical decline of the US, but the creation of a multipolar world with a possible emergence of new global hegemonic powers like China, India, EU, Japan, Brazil and the reborn Russia.

CONCLUSIONS

The principal objective of this article is to define the main aspects that determine security policy in EU and the US. To achieve this, we carried out an historical analysis of security strategy for these two dipoles of geopolitical power during and after the Cold War. We focused on the issues of institutional integration of Europe mainly after the Maastricht Treaty in 1992 and to the factors that determine US global dominance through a defense expenditure viewpoint.

We deduce that through a series of economic and military agreements such as the ECSC, the EEC, NATO and WEU, European nations managed to recover from WW2 misfortunes and enjoy the supreme good of peace. However, deficiencies of European national Armed Forces and pan-European military formations in comparison to the US, combined by the unwillingness of Europeans to spend more in order to improve the level of their military capabilities, make NATO still important for the European security. Moreover, it seems that the hopeful institutional integration of CFSP during 1992-2009 has not yet been effective as it needs to be enforced further politically by EU member states.

From the first part of this study it become obvious that the basic stimulus and the tool as well the for post WWII European political integration was the need for economic collaboration. Also we noticed that many of the pivotal landmarks for the evolution of CFSP were the result of harsh negotiations between UK, Germany and France, the so called “big three” which they determined they decision under a cost-benefit sense. However, if EU needs to play a more important role in global affairs European member states need to implement the “act locally, think globally” strategy so that EU won’t be regarded any more as “an economic giant but a political dwarf”.

As for the US, it become understood that the US still remains the dominant superpower because it spends at about half of the global defense outlays, which is about three times more than its European allies as a whole. Moreover, their huge amount of resources channeled for R&D in military applications combined with their vast internal market make US defense companies achieve economies of scale and thus, become more competitive in global markets as they offer high quality military products in lower prices than their European and the rest of the world competitors.