INTRODUCTION

This chapter assesses the demands and constraints that are likely to be imposed on the U.S. Air Force as a result of developments across the European region, viewed in near-, mid-, and long-term perspective.

The first section provides an overview of U.S. interests in Europe, reviews the near- and medium-term threats or potential threats that could have near-term implications for the Air Force, and provides a brief, foreshadowing discussion of the alternative strategic “worlds” that might begin to emerge in Europe.

The second section analyzes short-, medium-, and long-term trends—economic, demographic, political, and other—in the European region and its main subregions. We identify and examine the key “drivers” that will determine the shape of the region in the next century and the different emerging strategic worlds that could give rise to potential conflicts and requirements for the use of force. The section relies on both qualitative social and political analysis and quantitative forecasts and models, many of which are taken “off the shelf” from government and international organizations and private-sector sources.

The third section develops six alternative strategic worlds that result from the long-term trends identified in the previous section and their interaction with each other. As will be seen, these alternative worlds
are the result of the drivers interacting with each other, with the
decisive factor judged to be the degree of political, economic, and
defense cohesion achieved in different parts of Europe. The section
then discusses the implications of these alternative worlds for the
strategic environment, for sources of conflict, for conflict scenarios,
and for specific planning, and the operational implications for the
U.S. Air Force.

The fourth section deals with radical shifts and breaks—with plausi-
ble but not predicted departures from the trends discussed in the
second section—departures that could result in the emergence of en-
tirely different strategic worlds. Such radical shifts and breaks in-
clude war between Russia and China, the rise of a new ideology, the
establishment of a global collective security system, a new Great De-
pression, or an environmental catastrophe. Such possibilities are not
discussed in detail, but they are flagged as a way of pointing up the
potential limitations of the methodology. Finally, the last section
draws overall observations and conclusions, including general find-
ings and specific implications for the U.S. Air Force.

The European Region and U.S. Interests

Security from a Hostile Hegemon. The most fundamental U.S. se-
curity interest in Europe is to prevent the emergence of a hostile
hegemon or would-be hegemon that could pose a direct threat to
U.S. security, as did Nazi Germany and Soviet Russia.1 Germany—
following defeat in two world wars, democratizing internal reforms,
and integration with other democratic countries in NATO and the
European Union (EU)—does not pose such a threat, even though its
position in Europe is one of great relative strength. The other poten-
tial threat in Europe is Russia. Following the collapse of Commu-
nism and the breakup of the Soviet Union, Russia's ability (and pos-
sible willingness) to pose such a threat is much diminished, but the
reemergence of Russia as a serious “peer competitor” cannot be
ruled out. Russia alone might pose such a threat, but it would be

1See Zalmay M. Khalilzad, From Containment to Global Leadership? America and the
World After the Cold War, Santa Monica, CA: RAND, MR-525-AF, 1995; and Commissi-
on on America's National Interests, America's National Interests, RAND/CSIA/Nixon
Center, July 1996.
more likely to arise in the form of a Commonwealth of Independent States (CIS) or other grouping that resembled much of the former Soviet Union (FSU). However, as will be argued below, no Russian-led state or coalition is likely ever again to achieve the global power position or pose the same threat to the United States that the Soviet Union did in 1945–1990.

Russia also remains a strategic nuclear power, with several thousand nuclear weapons that could be targeted against the United States. Proliferation to Belarus, Kazakhstan, and Ukraine was headed off by U.S. policy initiatives in the early 1990s, and nuclear proliferation in the European region in general is less of a challenge than in many other parts of the world. Nonetheless, proliferation cannot be altogether ruled out, given the persistence of historic rivalries and the high level of economic and technological capabilities throughout the region. Proliferation of nuclear, chemical, biological, and even sophisticated conventional weapons from the region—chiefly from Russia but from other countries as well—to other parts of the world constitutes a potential and to some extent actual threat.

The United States has an interest in countering conflict and instability in Europe that may not necessarily involve Russia, in the form of either domestic conflicts within states or wars between small and medium powers. It is hard to argue that such conflicts in themselves could pose a direct threat to U.S. security, but the fact that the United States bases its position in Europe on the NATO alliance creates legal and political obligations, the fulfillment of which constitutes an important interest. Enlargement of NATO to Central and Eastern Europe will increase this interest and the U.S. stake in defending it.

Finally, the rapid economic and geopolitical shifts that are underway throughout the world and the globalization of security in a multipolar world raise the possibility, over the long term, of the United States’ coming to define its security interests in Europe partly or largely as a function of geopolitical developments elsewhere in the world. For much of the first part of the 20th century the United States was concerned with supporting a weak Russia in the Far East against an ambitious Japan. U.S. support for Russia against an aggressive China or other Asian power cannot be ruled out and follows from the overriding U.S. interest in preventing the emergence of a dominant and hostile power in either Europe or Asia.
Support for Democratic, Free-Market Allies. Apart from these concrete security interests, the United States has a general interest in supporting and enlarging the community of like-minded countries with democratic political systems and free-market economies. After World War II, this interest became a major determinant of U.S. policy toward Western Europe. With the collapse of Communism, the United States has an important, if not necessarily vital, interest in enlarging this community of states by supporting the post-Communist transitions in Central and Eastern Europe and the FSU.

The instruments used in pursuit of this interest are not primarily military, but the U.S. security presence in Europe is widely seen as helping to support favorable economic and political developments—much the way the Atlantic Alliance helped to promote stability and prosperity in Western Europe in the 1950s. In addition, certain missions performed directly by the U.S. defense establishment, such as the Partnership for Peace (PFP) and Cooperative Threat Reduction (CTR) programs, contribute to the success of these transitions.

Support for U.S. Objectives in Other Regions. This interest relates both to the presence of U.S. forces in Europe and the possible engagement of European forces in support of U.S. objectives outside Europe. The U.S. security presence in Europe is justified primarily in terms of the defense of Europe itself, but it also contributes to the U.S. ability to project power to other regions, notably Africa and the Middle East. This ability was demonstrated on a grand scale in the Persian Gulf War, as well as in smaller, more recent peacekeeping and humanitarian missions in Somalia, Rwanda, and elsewhere. The North Atlantic Council has agreed on far-reaching policy changes and institutional innovations that provide a basis for possible future “out of area” activities on a cooperative basis with European allies. As will be seen below, more-ambitious schemes have been advanced in the United States to promote U.S.-West European “partnership” in other regions. While these schemes are problematic for a variety of reasons, the fact that they are advanced underscores the U.S. interest in attempting to secure European support in pursuit of shared objectives in third areas.

Economic Interests. Although Europe’s relative economic importance for the United States has declined in recent years owing to the rise of East Asia and other emerging markets, the United States re-
tains an enormous stake in Western Europe and has growing eco-
nomic interests in Central and Eastern Europe and the FSU. The EU
is the United States’ largest single trading partner, accounting for
22.8 percent of exports and 19.7 percent of imports. Whereas the
United States runs large trade deficits with China, Japan, and other
countries, trade with Europe is more balanced, and was in substan-
tial surplus for much of the 1990s. Transatlantic trade in services is
about two-thirds the level of merchandise trade and continues to
grow more rapidly than trade in goods. Western Europe is also the
largest source and destination of U.S. foreign direct investment. U.S.
investments in Central and Eastern Europe and the FSU also are in-
creasing rapidly and are primary elements of the global strategies of
U.S. firms in such industries as energy, automobiles, and consumer
goods. In addition to these direct economic stakes in Europe, the
United States has an interest in working with European countries in
such bodies as the G-8, G-10, and the Organization for Economic
Cooperation and Development (OECD) to manage the global econ-
omy. The U.S. security presence in Europe through NATO is not in-
dispensable to the maintenance of such cooperation, but a case can
be made that security cooperation facilitates links in these other
bodies.

Near-Term Trends and Sources of Conflict

Prospects for conflict in or involving the subregions of Europe over
the next five years vary widely and are subject to different degrees of
uncertainty. In general, uncertainty and instability increase as one
moves from west to east, as do the prospects for conflict. At the same
time, the very notion of a sharp divide between east and west is be-
coming increasingly difficult to define, as countries in transition
identify with and seek to join the West. U.S. interests throughout the
region also are not uniform. Conflict in parts of the former Soviet
Union is highly probable, but most likely would not involve U.S.
forces. Conflict in Western and Central Europe is much less likely to
occur, but is more likely to engage U.S. interests and forces if it does.

Western Europe has serious economic problems and is encountering
difficulties in pushing forward with the latest stages of integration,
but the region remains one of the most stable and prosperous in the
world. Western Europe is concerned about threats from outside,
from both the east and the south, and is likely to become even more concerned about such threats as the concept of “Western Europe” itself changes with the admission of new members to the EU, NATO, and the Western European Union (WEU). Prospect for large-scale war involving any of the West European countries is low, however; there are no major disputes among these countries or among countries in adjacent regions. Greece is an exception to the general pattern, as it could become involved at any time in a war with Turkey over Cyprus or the Aegean.

Central, Eastern, and Southeastern Europe make up a more diverse and unstable region, with considerably greater potential for conflict over the near term. Virtually all of the countries in the region aspire, at least rhetorically, to become part of Western Europe and the broader Atlantic community. But the process of joining the West is not uniform or even unidirectional, and the next few years are likely to see growing divergences among the countries in the region. Those countries that border directly on the EU are, for the most part, politically stable and relatively well developed economically. Several can be expected to join NATO and to make substantial progress toward joining the Union. At the other extreme, Albania and the former Yugoslavia remain highly unstable, and the revival of large-scale fighting involving Bosnia, Croatia, and Serbia is a possibility. Bulgaria, Romania, and perhaps Slovakia are intermediate cases: under favorable political and economic circumstances, they could join Slovenia and the countries of Central Europe on the path to rapid integration with the West, but they also could be drawn into the rivalries and economic difficulties of the more unstable east and southeast. The Baltic countries present special problems, owing to their status as former republics of the USSR and their difficult relations with Russia.

Finally, conditions in Russia and the other Newly Independent States (NIS) are much less stable than in the rest of Europe. All countries in the FSU face severe economic, environmental, and social problems that create possibilities for internal and external conflict. Many international borders are disputed, and the presence of Russian and other minorities in most countries constitutes a flash point. Russia also continues to view itself as a major European and world power, and could come into conflict with countries along its vast periphery over a range of issues.
Sources of Conflict in Europe and the Former Soviet Union

Against this background, several threat and political conflict situations would appear to have near-term implications for U.S. defense planners and the U.S. Air Force.

**Russia and the NIS**

- The “canonical” threat posed by Russia (or another major power) to NATO territory is not likely for the remainder of this century and probably beyond. However, current defense policies are in part shaped by a perceived need to hedge against such a possibility over the longer term. These policies include the German commitment to continental defense and the determination of the French and the British to maintain independent nuclear deterrent forces.

- Russia also is unlikely to pose a direct threat to countries in Central and Eastern Europe over the next several years. The Russian armed forces are too weak to mount a serious threat to countries in Central and Eastern Europe (the Baltic countries excepted). A serious effort by Russia to reconstitute its forces directed against Central Europe would cause concern in the countries of the region and could have negative internal political and economic effects in these countries. Over the longer term, the shadow of a revived Russian army looms large and explains in part the desire of these countries to join NATO.

- Russia poses more of a near-term military threat to the Baltic countries. Russia borders directly on Estonia and Latvia and has disputes with both over territory and the rights of ethnic Russians. Belarus and Russia’s Kaliningrad region border on Lithuania, and instability or change in the status of either Belarus or Kaliningrad could spill over into conflict with Lithuania. Russian spokesmen also have warned that Russia might take action against the Baltic countries in response to NATO enlargement.

- The one NATO member with which Russia might clash in the next several years could be Turkey. Conflict could be sparked by any number of economic, political, and security disputes. Actions by Turkish citizens and residents of Caucasian origin who are sympathetic to the struggle of the Chechens and other peoples against Russian rule could be especially provocative from Moscow’s perspective.
• Russia could use levers short of military intervention to destabi-
lize and expand its influence in some of the countries of Central
and Eastern Europe. These levers might include economic de-
pendence, espionage, exploitation of contacts and relationships
left over from the Soviet period, and military intimidation
through deployments and exercises. Russian stresses of this sort
may not necessarily lead to overt conflict but could intensify
pressures on the United States and its allies to extend security ar-
rangements and guarantees to countries within what tradition-
ally has been Russia’s sphere of influence.

• Russia still poses a major nuclear threat. Analysts and political
leaders have raised the possibility of an extremist government
coming to power that would control these weapons. Accidental
launch and the devolution of nuclear assets and control to com-
peting domestic factions in the context of an internal conflict are
also possibilities. Disorganization and criminality in Russia and
other NIS pose the threat of nuclear smuggling and possible as-
sistance to rogue states seeking to acquire nuclear weapons.

• There is considerable potential for internal conflict in Russia, as
was demonstrated by the war in Chechnya. Such conflicts are
disastrous from a humanitarian perspective and weaken demo-
cracy and economic reform in Russia. They also raise the risk of
terrorist acts, possibly involving nuclear or chemical or biological
weapons, committed against targets in Russia or abroad. The
danger of rogue armies operating outside of Moscow’s central
control and posing both conventional and unconventional
(criminal) threats to other countries appears to have receded, but
has not altogether disappeared.

• Short of military conflict, Russian political and economic weight
in the CIS area poses a latent threat to the independence and
maneuvering freedom of other states in the former Soviet Union.
Reintegration of Belarus into a Russian-controlled union, par-
ticularly military reintegration, would pose dangers for Poland,
Lithuania, and Ukraine. Ukraine itself could come under grow-
ing pressure from Moscow, given its economic, political, and
military vulnerabilities along with the apparent reluctance on the
part of many in Russia to accept the permanence of Ukraine’s
separation from Russia.
Sources of Conflict in Europe and the Former Soviet Union

- Conflicts within and among CIS countries other than Russia continue to simmer in many parts of the former Soviet Union. These conflicts pose threats to stability and hinder economic development, as well as provide openings for enhanced Russian leverage in the form of mediation, peacekeeping, the supply of arms, and enhancement of the value of transport and communication routes that run through Russian territory or that Russia controls. China and Iran can also be expected to try to profit from instability in parts of the FSU.

- Environmental disasters could occur that would affect the region as well as other parts of the globe. Of particular concern are the 45 Soviet-built commercial nuclear power reactors still operating in Russia, Ukraine, and Armenia.

Central, Eastern, and Southeastern Europe

- In many parts of Central, Eastern, and Southeastern Europe, the presence of ethnic or religious minorities in states dominated by other ethnic or religious groups creates a potential for subnational conflict. Situations in which these minorities also look for protection to an external “homeland” are especially dangerous. Such minorities include the Hungarians in Slovakia, Romania, and Serbia; Serbs in Croatia; Albanians in Serbia (Kosovo); Albanians and Serbs in Macedonia; Turks in Bulgaria; Greeks in Albania; and Turks in Greece.

- The renewal of large-scale fighting in Bosnia, possibly involving Croatia and Serbia, is a possibility.

- Central and Eastern Europe could be affected by major environmental disasters in Russia and the NIS, including accidents at nuclear power plants. Although the environment in the region is improving as a result of local and international efforts, such disasters could emanate from the region itself. Bulgaria, Lithuania, the Czech Republic, Hungary, and Slovakia all operate Soviet-built nuclear power plants, and those in Bulgaria and Slovakia are regarded by independent experts as especially dangerous.

- The countries of Central and Eastern Europe are vulnerable to spillover effects from turmoil in Russia and the other NIS. Such effects include migration and refugees (including possible surges...
in crisis situations), terrorism, and large-scale cross-border crime.

Instability in Central, Eastern, and Southeastern Europe, including the renewal of large-scale fighting in the former Yugoslavia, in turn could affect Western Europe by causing increased flows of refugees, damaging trade and investments, and providing opportunities for outside powers (Russia, Iran) to establish positions of influence near Western Europe.

**Western Europe**

- Conflict between Greece and Turkey—over territorial issues in the Aegean, over Cyprus, and over minority issues in Thrace—could erupt. Other European countries automatically would be involved, through Greece’s membership in the EU and the membership of both countries in NATO.

- Instability in North Africa or elsewhere in the Middle East could also result in refugee surges, disruption of trade and energy sources, and the export of terrorism to European cities.

- Western Europe faces a proliferation threat to the south. Libya, which has refused to sign the 1993 treaty banning the use, development, and storage of chemical weapons, is reported to be working on a large chemical weapons plant and has obtained Scud missiles from North Korea that could pose a chemical threat to other countries in the region. Six Middle Eastern countries (Egypt, Iran, Iraq, Israel, Libya, and Syria) are reported to have offensive biological warfare capabilities, with Iraq having the most extensive program.

**Alternative Strategic Worlds and Their Defense Implications**

Although, in the short-to-medium term, Europe is characterized by a range of potential conflict situations, most of them arising from unresolved problems relating to the collapse of Communism and the breakup of the Soviet Union, over the longer term—i.e., to 2025—the threat environment in Europe will be shaped by broad strategic trends in Europe and by the evolution of Europe’s interaction with the outside world.
As will be seen below, six alternative strategic worlds can be posited for Europe, each with different strategic implications for the United States:

- **Modified Cold War Order.** This world is based on a strong Russia/CIS and a still relatively weak Western Europe, and entails continued U.S. protection of and engagement in Western Europe and Central Europe, as was the dominant feature of the Cold War era.

- **Atlantic Partnership.** This world is similar to the Modified Cold War Order, in that it is characterized by a U.S.–West European alliance in the context of a strong and potentially threatening Russia. However, it also entails a much closer U.S.-European partnership outside Europe—for example, in joint defense of the Middle East.

- **European Bipolarity.** This order is characterized by a rough political and strategic balance between the Eastern and Western parts of Europe, with the United States relegated to a residual role in European security affairs.

- **West European Dominance.** In this order, Russia and other countries of the former Soviet Union remain weak and fragmented, while Western Europe develops as a major power center.

- **Rivalry and Fragmentation.** In this order, no part of Europe manages successful integration and maintenance of itself as a major global and regional power center.

- **Pan-European Order.** This order is characterized by complete or near-complete transcendence of political rivalries in Europe, and prospective convergence of all parts of the continent, most likely through progressive enlargement of West European institutions to include Russia and other NIS.

Each of these alternative strategic worlds would have different implications for U.S. defense planning over the long term. These implications will be analyzed below along eight dimensions: (1) nuclear deterrence and defense; (2) deterrence and defense against major conventional conflicts; (3) theater ballistic missile defense; (4) Europe as a base for military access to other regions of the world; (5) peacekeeping and related missions; (6) counterproliferation; (7) logistical
and other support for allies in major contingencies in which the United States is not directly involved; and (8) defense industry.

In general, the Modified Cold War Order and Atlantic Partnership worlds entail major U.S. defense commitments to Europe, while European Bipolarity, West European Dominance, and Pan-European Order imply less involvement. Rivalry and Fragmentation would have indeterminate implications for U.S. defense planning, and U.S. military involvement in European security affairs could vary considerably according to particular circumstances.

REGIONAL TRENDS

This section examines near-, medium-, and long-term trends in the European region and its main subregions, focusing on the key drivers that are likely to determine the emergence of alternative strategic worlds with different implications for conflict and the potential use of force. The discussion covers five major sets of drivers: demographic and economic, internal political and social, external political, defense and defense industrial, and an “other” category of trends relating to the role of the state and of nonstate actors, the environment, and technology. The basic unit of analysis is the nation-state. “Internal political and social” thus refers to developments within a given country—for example, social cohesion and national unity or fragmentation. “External political” refers to developments external to and among individual countries, notably integration into larger entities such as the EU or the CIS, and foreign policy and defense orientation toward other countries or regions.

Demographic and Economic Trends

In contrast to other parts of the world, where rapid economic growth contributes to instability and uncertainty (such as in East Asia), or where overpopulation and economic collapse are causes of conflict within and between states (e.g., in southern Africa and parts of the Middle East), Europe generally is characterized by demographic and economic stability. Following the collapse of Communism in the early 1990s, major destabilizing shifts within the region are not generally projected, although there will be changes in the relative weight of different states and groups of states that could have strategic im-

plications. The most important trends, both demographic and economic, shaping the strategic outlook in Europe will be a continuation of decline relative to other parts of the world, and relative to the developing countries in particular.

**Population: Growth and Composition.** Population growth throughout Europe is low by world and Europe’s own historic standards. Low population growth will have several effects with long-term political and strategic implications, including a rapid aging of the population in nearly all European countries and the decline of Europe’s population relative to other parts of the world. Immigration, which is partly a consequence of these demographic trends, will result in more diverse populations in many countries and is associated with political and social tensions and the rise of extreme-right parties.

Several countries, notably Germany and Italy, are expected to decline in absolute size, whereas others will experience modest growth. Germany’s population is projected to fall from 81.1 million in 1995 to 77.7 million in 2015 (and 73.4 million in 2030).² Along with the familiar political constraints on Germany, an aging population and smaller draft-age cohorts will help to diminish a perceived or actual German threat to stability on the continent. There also will be a substantial relative shift in population between Russia and its “near abroad.” Whereas Russia’s population is projected to rise from its current 149 million to 153 million in 2015, a gain of four million, the eight countries of Central Asia and the Caucasus will increase their populations over the same period from 72 million to 96 million, a gain of 24 million.

The population of Europe as a whole will decline relative to the rest of the world and, in particular, relative to adjacent regions in the Middle East and North Africa. Europe currently accounts for 730 million of the world’s total population of 5.7 billion, approximately 12.8 percent. By 2015 this share will drop to just over 10 percent, as Europe’s population will grow only marginally to 744 million, while world population grows to a projected 7.4 billion. Disparities in rates of growth will sharpen the population gradient between the northern

and southern sides of the Mediterranean, and between Russia and its “near abroad.” There are now approximately 201 million people in the European countries on the northern side of the Mediterranean, compared with 212 in the southern littoral states. By 2015, the south will have more than 298 million people, compared with 205 million in the north. The increase of 85 million people in the countries of North Africa and the Levant will intensify migration pressures, contribute to unemployment, and could threaten economic and political instability.\(^3\) Russia’s demographic decline relative to its “near abroad” will be dwarfed by the shifts relative to other countries to its south and east. Iran’s population is projected to grow from 65 million in 1995 to 107 million by 2015. Even though China’s rate of population growth has slowed dramatically in recent decades—a trend that is expected to continue—China still will gain nearly 200 million people over the next two decades, more than the entire present population of Russia and fifty times the increase of four million projected for Russia over the same period.

One effect of slow population growth in Europe (coupled with increased life expectancy from improvements in health) is the pronounced aging of the population. By 2025, the number of people in the 15 member states of the current EU aged 60 and above will increase by nearly 50 percent, while those of prime working age (20–59) will fall by 6.4 percent. Rising dependency ratios will place a heavy burden on government finances, particularly in light of the unfunded pension liabilities in most European countries. Small cohorts of draft-age males will mean that European countries, including Russia, will be militarily weaker relative to many non-European countries than the comparison of aggregate population figures alone would suggest.

**Migration.** Immigration into Western Europe from Central and Eastern Europe and the developing world exploded in 1986–1992 before leveling off and declining in 1993 and thereafter as a result of tightened restrictions on entry and the effects on the labor market of economic recession. Despite the drop-off after 1993, net migration accounted for over 60 percent of the increase in total population in

Western Europe in the last decade. In some countries, notably Germany and Italy, the natural increase of the population has turned negative, and the increase in overall population has resulted entirely from immigration.\(^4\) As a result, populations in West European countries are becoming more ethnically and religiously diverse.

Western Europe is the primary destination for most immigrants, but the former Communist countries have become targets of immigration as well, partly as a result of free-market conditions that create demand for workers, and as a result of the dismantling of Communist-era controls and the expansion of transportation and business links with other parts of the world. While sending many of their own workers to Western Europe, countries in Central and Eastern Europe that border on the former Soviet Union are absorbing temporary and mostly illegal labor migrants from Russia, Ukraine, and other NIS. Further east, Russia and other NIS also have been affected by immigration—a new trend that these countries find difficult to handle given their economic fragility and legacy of tight controls on the movement of people across their borders, but one that is certain to persist and perhaps intensify as the NIS become more integrated in the world economy.

Apart from these movements of people from outside the FSU, long-term political and strategic developments in Russia and the other NIS will be shaped by the “unmixing of peoples” that is occurring in the wake of the breakup of the Soviet multinational empire.\(^5\) The fate of the ethnic Russians living outside Russia is likely to have particular long-term historical effects, much the way the presence of ethnic Germans living outside of Germany and Austria played an important role in the politics of Central and Eastern Europe before and even, to an extent, after World War II. In the FSU, there are nearly 25 million ethnic Russians living outside the Russian Federation—chiefly in Ukraine and Kazakhstan, but in other NIS as well. Apart from Kazakhstan, the ethnic Russian population in Central Asia and the Caucasus is almost exclusively urban and not deeply rooted. Re-

\(^4\)Data in this section are primarily from OECD, Trends in International Migration: Continuous Reporting System on Migration (SOPEMI), Paris: OECD, various years.

cent migration patterns and surveys of migration intentions suggest that these people are likely to leave over time in response to economic, ethnic, and linguistic pressures. Armed conflicts, such as have occurred in Tajikistan, Georgia, and Azerbaijan, will accelerate the process. The numbers of ethnic Russians in these countries is not large in absolute terms (according to the 1989 Soviet census, 785,000 in the Caucasus; 3,300,000 in Turkmenistan, Uzbekistan, the Kyrgyz Republic, and Tajikistan), but the exodus will have long-term geopolitical effects, lessening an important source of Russian influence and perhaps hastening the reorientation of these countries toward Asia and the Islamic world.

In contrast, northern Kazakhstan, the Crimea, eastern Ukraine, trans-Dniester Moldova, and northeastern Estonia all have substantial and deeply rooted Russian populations that are likely to remain for the foreseeable future and might become a source of conflict between Russia and these countries. Migration of ethnic Russians between these countries and Russia proper will occur, but net outflows to Russia relative to the overall populations involved may not be large. Real or perceived attempts by governments in these countries to accelerate the pace at which Russians leave (or assimilate) could become a source of conflict with Moscow. These attempts might be a particular danger with regard to Kazakhstan, whose government has been walking a fine line between a policy of gradual de-Russification and maintaining good relations with Russia and peace among its ethnic Russian citizenry.

**Economic Performance**

**Western Europe.** Economic growth in Western Europe averaged 4.8 percent per year in 1960–1973, fell to just 2.0 percent per year in 1974–1985 following the oil crises and other economic shocks of the 1970s, and then partially recovered to a 3.2 percent annual rate in 1986–1990 in response to falling oil prices and the increased business confidence and higher investment associated with the EC’s single market program. Since 1991, economic growth has again lagged, av-

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Economists generally judge the EU’s underlying growth potential—based on increases in population and other inputs—to be just over 2 percent per annum. At this level, the EU slowly will lose ground relative to other parts of the world and will have difficulty in dealing with such structural challenges as unemployment and rising dependency ratios. Nonetheless, the EU will remain, along with the United States, a dominant shaper of the international economic order, with a major voice in trade, monetary, and energy matters.

Adjusting to the growth of economic power in other parts of the world will have direct implications for Western Europe’s continued high unemployment and downward pressures on wages in low technology industries. Indirectly, the adjustment could mean added political strains or even open rivalry between the United States and its European allies as they, along with Japan, seek to find the right mix of accommodation, cooperation, and competition in their efforts to manage the world economy and the emergence of new power centers. This global shift also will have important implications for Russia, which borders directly on China and which will also be seeking to find its place in the world economic order.

Internally, Western Europe faces structural economic problems that will undercut its ability to play a more influential international role (e.g., through the development of a stronger autonomous defense capability), and that in the extreme case could undermine political and social stability. Total unemployment in the EU stands at more than 18 million, or nearly 11 percent of the workforce. The most worrisome aspect of the unemployment situation in Western Europe has been the steady “ratcheting up” of the base level of unemployment during successive cycles of recession and recovery.

As the costs of maintaining the social safety net have increased and as unemployment has continued to rise, European governments and the European Commission have begun a gradual shift toward what is sometimes called an Anglo-Saxon model that stresses labor market

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7Commission of the European Communities (CEC), Growth, Competitiveness, Employment, Luxembourg: CEC, 1993.
flexibility and seeks to expand employment by holding real wage growth below rises in productivity. The effects of this shift have been slow in coming and in any case are difficult to measure—particularly in a macroeconomic environment characterized by slow overall growth. Demographic trends, fiscal realities, and the growing acceptance of flexibility as a new orthodoxy in economic thinking all suggest that in the coming decades Europe may make progress in combating its structural unemployment problems, but that it will continue to do so at the cost of cuts in the social safety net. Many countries thus are likely to be entering long-term situations in which workers are confronted with high albeit declining rates of unemployment, coupled with a cutting back of generous social benefits once taken for granted. Europe may be able to manage this transition without upheaval, but localized or perhaps even more widespread manifestations of political instability, anti-immigrant backlash, and resurgence of worker militancy cannot be ruled out.

Central, Eastern, and Southeastern Europe. Compared with the situation in Western Europe, the long-term economic outlook for Central and Eastern Europe is characterized by greater uncertainty and larger differences among countries and among economic sectors and population groups within countries. All countries in the region suffered sharp falls in output in the early 1990s, but then began to recover as macroeconomic stabilization and microeconomic reforms took hold. Somewhat to the surprise of many observers, Poland has been a star performer, registering five years of rapid growth after the sharp recession and shock therapy of 1990–1991. Growth hit a 7.0 percent annual rate in 1995, and is expected to continue strong over the next several years. At the other extreme, Bulgaria delayed reforms in the early 1990s, and hit a severe economic crisis in mid-1996. Economic growth is projected at a mere 2.1 percent for 1996 and 1.7 percent for 1997. The other countries in the Central and East European Countries (CEEC-10)—those countries that formally are on track to join the EU—range between the Polish and Bulgarian cases, and growth for the region as a whole is projected to average 4–5 percent per year. At these rates of growth, the leading candidate coun-

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tries for EU membership slowly will close the gap between themselves and the EU average.

A major uncertainty surrounding the economic future of these countries is whether performance increasingly will diverge, leading to an irrevocable split into economic and political subregions, or whether a combination of internal reforms and external assistance by the EU and others will result in convergence. For both economic and political reasons, neither Romania nor Bulgaria is likely to meet the timetable for EU entry—2002–2004—that is widely discussed for the northern tier countries. This delay raises the prospect of a widening and perhaps long-term split between East-Central and Southeastern Europe, particularly if developments in the former Yugoslavia exert a negative influence on these countries. In Albania and the former Yugoslavia, the economic and political outlook is even worse. There is general disappointment with political trends in the region, especially in Croatia and Albania, and a tacit recognition that the Balkan region as a whole is in many respects drifting further from the European mainstream.

Russia and the NIS. Russia presents a mixed and somewhat confusing economic picture. Real GDP fell steadily throughout the early 1990s—by some 40 percent in 1990-1996—before reportedly stabilizing in the second half of 1996. Investment remains low, unemployment is rising, and large segments of the population are living in poverty. Wage arrears—unpaid salaries owed workers by state-owned and private firms—are a major economic and political problem. There are, nonetheless, many bright spots. Official figures understate economic activity by neglecting the output of new private enterprises and of the informal economy. Labor productivity is rising, and in some industries that are especially active on the world market (metallurgy, chemicals, and petrochemicals) production has been increasing since 1995. Most promising is the renewed commitment to economic reform by President Yeltsin following his return to the political stage in March 1997, and the appointment or reappointment to important posts of such prominent reformers as Anatoly Chubais and Boris Nemtsov.

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9IMF, World Economic Outlook, May 1996, Table A7.
The most plausible scenario for the next several years is one of continued growth and transformation, although not without setbacks and occasional backtracking and by no means without considerable suffering for those parts of the population that are the main losers in the post-Communist transformation. If this assessment is correct, it will mean a more stable, market-oriented Russia, but also a Russia with growing (although still very small) resources available to devote to national security and international affairs. Russia’s growing marketization may also make the country more vulnerable, at least for the transition period, to financial crises and breakdowns. Politically destabilizing financial upheavals cannot be ruled out over the next several years, even if the “real” economy continues to improve.

Apart from the quantitative indicators, the economy continues to evolve into a new variant of distinctly Russian capitalism. Russian industry is restructuring under the leadership of a dozen or so powerful industrial groups, many partially privatized, that have close ties with the Russian government and with individual ministers and political figures. While these firms have no interest in returning to the old command-style economy, they are not necessarily supporters of a liberal economic order in the U.S. and West European sense of the term. Many are suspicious of foreign presence in the Russian economy and essentially protectionist with regard to both trade and foreign direct investment. Crime and corruption have reached alarming proportions and, under some circumstances, could threaten the economic and political underpinnings of the Russian state.

Ukraine’s economic and political situation has dramatically improved since the institution of reforms in late 1994 by President Leonid Kuchma. GDP fell by 11.4 percent in 1995, less than half the drop for 1994 as measured in official statistics. Performance was no doubt even better if the greater volume of unmeasured private activity in 1995 is taken into account. The government has managed to reduce the budget deficit and to lower inflation to an annual rate of 140 percent, although it remains unable to control monetary expansion.

By reversing the deep economic and political slide of 1991–1994, Ukraine has demonstrated even to skeptical observers that it is a viable state. Its long-term survival is by no means assured, but there
will be no near-term implosion followed by relatively painless reab-
sorption into Russia, as was expected, feared, or hoped for by many
in the first few years of national independence. However, Ukraine
may be entering a second phase of vulnerability to Russian pressure,
especially in the fuel and energy sector.

In the other NIS, economic performance varies widely, with official
statistics telling only part of the story. In the Caucasus, economic
performance has been even worse than in the rest of the FSU, partly
owing to political chaos and internal and external conflict. Over the
longer term, however, these countries face reasonably bright eco-
nomic prospects, owing to their agricultural assets, to large deposits
of oil and gas in Azerbaijan, and to their central location and history
of trading links with other countries in the region. A key question
will be whether enough political stability can be achieved to allow
these economic assets to be exploited in a way that has not hap-
pened so far since 1991.

As in the Caucasus, economic revival in Central Asia will depend
upon establishing a stable political environment and upon the will-
ingness of neo-Communist elites to undertake genuine reform. The
commitment to reform varies considerably across the region, with
Kazakhstan, the Kyrgyz Republic, and Tajikistan much further along
than Turkmenistan or Uzbekistan. These countries are generally
well-endowed with energy and other natural resources, and their in-
tegration into global markets through joint ventures with Western
and Russian firms will be a major element in their economic devel-
opment in the coming decades, as well as a potential source of politi-
cal conflict and realignment.

Energy. Europe is not a cohesive region with respect to energy con-
sumption and supply. Western Europe is a major importer of energy
from the Middle East, North Africa, and the FSU, while Russia is a net
exporter with great potential for expanded future production. Cen-
tral and Eastern Europe have some indigenous energy resources, but
are on balance energy poor. Several of the NIS are on the verge of
becoming major oil and gas producers and exporters.

Four overall trends in the energy sector with potential strategic im-
plications can be identified: (1) increased dependence for many
countries on imported sources of supply, although at levels still be-
low those experienced during the two oil crises of 1973–1974 and 1979–1980; (2) increasing integration of the NIS and West-Central European energy systems through investment and the development of transport infrastructure; (3) growing importance of transport, infrastructures, and market volatility (as opposed to sheer shortages of physical supply) as potential sources of economic disruption and political conflict; and (4) a declining role for nuclear power, but persisting and perhaps growing problems associated with nuclear plant safety and waste disposal, especially in Russia, other NIS, and some countries in Central and Eastern Europe.

In Western Europe, the energy crises of the 1970s led to increased domestic production (from North Sea oil, nuclear power, and other sources) and declining use of energy per unit of GDP. Increased domestic supplies coupled with conservation resulted in a significant decrease in dependence on imported sources of supply—from around two-thirds in 1974 to less than half in 1986. Since 1986, EU production has declined and dependence on external sources has increased, although it remains below the levels of 1973–1974 and 1979–1980. Import dependence is highest for oil (78 percent), which is increasingly a transportation-related fuel.\(^\text{10}\)

In Eastern Europe and the FSU, little or no net growth in energy consumption is expected in the medium term, as economic reforms in these countries lead to the more rational use of energy. Eastern Europe and the former Soviet Union currently are using less energy than in 1990, and some projections suggest that 1990 levels of consumption will not be reached again until 2005. There is, however, considerable uncertainty surrounding prospects for growth in energy demand in these countries. Economic growth and convergence in living standards to EU levels will put added pressure on world energy supplies, as well as on the environment. The composition of demand will shift from industry to transport, as old factories are closed and private car ownership and use increases. This shift in turn will increase demand for imported oil. There is also great uncertainty on the production side in the former Communist world. Oil production in the former Soviet Union has collapsed in recent years, from 12.5

Sources of Conflict in Europe and the Former Soviet Union

The U.S. Department of Energy projects that oil production in the region will begin rising again to 10.9 mbd by 2010, but this projection is based on the assumption that financial and organizational problems in the Russian oil industry will be overcome and that the foreign investment needed to raise production will materialize. Absent a turnaround in production, world oil markets could tighten and economic recovery in Russia and the NIS could be strained by energy shortages.

Western Europe’s dependence on imports of oil and gas and Russia’s need for capital and markets create a strong commonality of interest between Russia and the EU with regard to cooperation in the energy field. This commonality was expressed in the signing, in late 1994, of the European Energy Charter Treaty, which is intended to foster pan-European cooperation in the energy sector. Increased trade in energy products between Western Europe and the NIS could lead to growing competition over markets and transit routes, as has already been seen in the competition between Russia and Turkey over pipeline and tanker routes for oil from Central Asia and the Caucasus.

While greater East-West trade in energy may lead to frictions within Europe, its longer-term significance may be to dampen West European interest in the Persian Gulf. World dependence on the Gulf will increase, but as Western Europe’s share of world oil consumption decreases and that of other regions increases, and as Russia and other NIS loom larger in West European import figures, the political and economic dimensions of dependence on Persian Gulf oil will take on as much a south-south as a north-south dimension.

Internal Political and Social Trends

Compared with other parts of the world and with Europe’s own history prior to World War II, Western Europe since 1945 has enjoyed an unprecedented degree of political and social stability. With few exceptions, governments have been changed by exclusively constitu-

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11 Joseph Stanislaw and Daniel Yergin, “Oil: Reopening the Door,” Foreign Affairs, September/October 1993, pp. 81-93.
tional means, political violence has been limited, and historic nation-states have not fragmented as a result of secessionist movements and civil wars. For much of this period, political and social stability prevailed in Central and Eastern Europe and the Soviet Union, but it was imposed artificially by Communist rule. The collapse of Communism thus resulted in the breakup of three states (the USSR, Czechoslovakia, and Yugoslavia), civil wars in some of their successor states, and widespread social upheaval. Whether relative political and social stability persists in Western Europe and spreads eastward, or whether instability persists in the east, possibly causing or coinciding with renewed instability in the West, is a key question that will shape the future strategic environment. We next examine three sources of political and social instability: movements to break up individual states; ethnic conflicts with cross-border dimensions; and social upheaval not directly linked to ethnic or national factors.

**Threats to National Integrity.** At the same time that much of Europe is becoming more integrated and transferring sovereignty to supranational bodies, there has been an increasing trend toward regional, ethnic, and religious fragmentation at the national level. Sub-national assertiveness has been most apparent in countries that until recently were under Communist rule, but this trend appears to be a general phenomenon with manifestations in Western Europe as well.

The most serious challenges to national integrity in Western Europe are in Belgium, Spain, and Italy. Other countries with active separatist movements are the UK (Scotland and Northern Ireland) and France (Corsica). There are no ethnically based separatist movements in Germany, but the Länder (states) have become increasingly assertive in pressing for a greater voice in national and EU policies. Turkey faces a major threat to its national integrity in the form of the Kurdish insurgency, which in turn affects Turkey’s relations with such important neighboring states as Iraq, Iran, Syria, and Russia.

With the breakup of Yugoslavia and Czechoslovakia—both synthetic states created in the Versailles settlement after World War I—national devolution in Central and Eastern Europe appears to have run its course. States in the region either are ethnically homogeneous (Poland, Hungary, the Czech Republic), or have minorities that are more likely to try to secede from one state to join another than to form their own states. Autonomy could be a transitional stage to the
movement of borders or the transfer of population, but the creation of entirely new states does not appear likely. Bosnia represents an important exception to this generalization. If the attempt to create the unified multi-ethnic Bosnian state mandated in the 1995 Dayton agreement fails, Bosnia could break up into three ministates: Bosnian and Croat entities formed from the breakup of the existing Bosnian-Croat Federation, and the Serb Republic of Srpska. Most likely, however, the Bosnian Serb Republic and the Croatian Herzeg-Bosnia would be absorbed by Serbia and Croatia, respectively. If this happens, Bosnia would emerge as a new—as well as small and weak—ethnic state in Europe.

The potential for fragmentation is much greater in the former Soviet Union. The Russian Federation’s population is approximately 80 percent Russian. By the standards of Russian history, this represents a degree of homogeneity not seen for centuries. Nonetheless, the 20 percent of the population that is not Russian still constitutes some 30 million people, many of whom are Islamic and are concentrated in their own autonomous or semi-autonomous regions. Under the Federation Treaty of 1992, Russia consists of 89 constituent parts having different degrees of autonomy. Many of the non-Russians in Russia live in these autonomous or semi-autonomous regions.

Other states of the FSU also are vulnerable to fragmentation, especially if they are subject to external interference by Russia. Ukraine has a large Russian minority in the east and the Crimea, but it is also vulnerable to a split along cultural and religious lines which could pit Orthodox Ukrainians from the east against Uniate Catholics from the western parts of the country. Other relevant cases include Georgia, which in 1990–1992 was racked by conflict between the government and pro-independence forces in South Ossetia and again in 1993-1995 by a bitter conflict between the government and the secessionist Republic of Abkhazia; and Tajikistan, where a civil war with an ethnic and clan dimension broke out in late 1992.

Ethnic differences and the heightening of ethnic or religious identities are by no means the only factors contributing to the weakening and possible breakup of established states. In Italy, the Lega Lom-

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barda does not assert a separate ethnic identity, but rather a different cultural heritage and economic interests from the rest of the country. In Russia, regions dominated by ethnic Russians, particularly in the Russian Far East, have shown a tendency to assert their independence of Moscow to pursue regional economic interests. And to give an example that cuts a different way, the Serbian “nationalist” Milosevic was prepared to abandon his ethnically Serb brothers in Bosnia in order to secure peace and the lifting of sanctions that were crippling Serbia’s economy. As these cases all suggest, ostensibly ethnic and national conflicts are closely intertwined with economic and political interests, and in particular with the interests of elites, many of which are struggling to preserve their positions in a world of rapid economic and political change.

**Cross-Border Ethnic Conflict.** Many mixed ethnic situations could erupt into internal conflicts that might then lead to wars involving neighboring states, as was the case in the former Yugoslavia. Such a development is hard to conceive of in Western Europe, although the activities of Basque terrorists on occasion have led to tensions between France and Spain, and the Irish Republican Army remains a sensitive issue in UK-Irish relations. In Central, Eastern, and South-eastern Europe, the most potentially explosive cross-border ethnic situations are those involving ethnic Hungarians outside of Hungary, the Romanians and Moldovans, and the Albanians of Kosovo and Macedonia. In the FSU, the most serious situations involve ethnic Russians outside Russia and non-Russian peoples living in the Russian Federation, although there are many other situations involving smaller numbers of people that pose a more immediate danger of conflict, as already has been seen in the Caucasus and parts of Central Asia.

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13Yergin and Gustafson develop scenarios for the emergence of three autonomous regions: a northwest region formed around St. Petersburg and including Murmansk and Arkhangel’sk; a South Russian Confederation comprised of Muslim and Russian areas, including Astrakhan’, Krasnodar, Stavropol’, the Kalmyk Republic, Dagestan, Chechnya, and others; and a Far Eastern region comprised of Sakha (the former Yakutia), Irkutsk, and the Far Eastern maritime provinces. See Daniel Yergin and Thane Gustafson, *Russia 2010*, New York: Random House, 1993, pp. 144–149.

Ethnic Hungarians living outside of Hungary (in Romania, Slovakia, Serbia, Ukraine, and Slovenia) total some 3.5 million people, or about one quarter of all Hungarians. Hungary reaffirmed its acceptance of its post-World War I borders in the 1947 Paris peace treaty and its respect for the territorial integrity of neighboring states in the Helsinki Final Act of 1975, the Paris charter, and various bilateral agreements, but there is no guarantee that ethnic issues could not become a source of conflict in the future between Hungary and Romania or Hungary and Slovakia.

While Romania is potentially vulnerable to irredentist claims by Hungary, it finds itself in the opposite position with regard to Moldova, the successor state to the Soviet Socialist Republic of Moldavia formed out of territories taken from Romania at the outset of World War II. Following the breakup of the USSR in late 1991 and the establishment of an independent Moldova, leading political figures in Romania joined with colleagues in Moldova to prepare for the eventual merger of the two countries. Unification with Romania proved to have less popular support in Moldova than many expected, however, and further talk of unification was effectively quashed in a March 1994 national referendum on statehood. Nonetheless, it remains possible—particularly if economic performance lags in Moldova but improves in Romania—that the issue of merger will arise again. Change in relations between Romania and Moldova could in turn lead to complications in relations among Romania and Russia and Ukraine, with which Romania has political differences concerning the legal status of the Molotov-Ribbentrop Pact that led to the establishment of the Moldavian Soviet Socialist Republic. Romania also has a specific difference with Ukraine over Zmeinyy (Snake) Island.

Another potential conflict situation with both long- and short-term implications concerns the ethnic Albanians living in the Serbian province of Kosovo, in Macedonia, and to a limited extent in Greece. Kosovo has been the scene of violent clashes between Serbs and ethnic Albanians since the early 1980s. Ethnic Albanians account for 90 percent of the population, but the region has great historic and symbolic importance for Serb nationalists. Riots and uprisings by ethnic Albanians in the late 1980s triggered an exodus of Serbs and Montenegrins, which in turn resulted in a harsh crackdown in the province by the Serb authorities in Belgrade. A worsening of condi-
tions in Kosovo, coupled with the appearance of a more assertive, less patient Albanian leadership in Kosovo could lead to open conflict that might draw in Albania or even sympathetic Islamic states and movements from outside the region.

Macedonia is a weak state that has had highly publicized difficulties with Greece, which refused to recognize the legitimacy of any state calling itself "Macedonia" (a name that to Greece implied revisionist goals vis-à-vis its other northern provinces). Over the longer term, however, Macedonia is more likely to become embroiled with two of its other neighbors—Bulgaria, which does not recognize the existence of a Macedonian language or nationality, and Albania, owing to the 420,000-strong Albanian minority in Macedonia. These people could intensify their efforts to achieve autonomy, perhaps in connection with a broader Balkan or Macedonian crisis, and some Albanian Muslim districts and leaders might even press for incorporation into a Greater Albania. Ethnic issues are also a potential source of conflict between Turkey and Bulgaria. Relations between the two countries were strained in the 1980s over Bulgaria’s persecution of its Turkish minority, but improved dramatically since the fall of the hardline Zhivkov regime in late 1990. Sources of conflict remain, however, and could flare up.

In the FSU, the most significant ethnic-related trends are those that concern the nearly 25 million ethnic Russians living outside the Russian Federation. The question of these people is in turn linked to that of borders—internal administrative borders of the USSR that in 1991 became international frontiers. The Crimea in Ukraine and the “virgin lands” of northern Kazakhstan are territories historically thought of as part of Russia and are heavily populated by ethnic Russians. After independence, the Yeltsin government vowed to respect former interrepublican borders as valid international frontiers, but the government has come under domestic political pressure to

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15 Greece and the Former Yugoslav Republic of Macedonia (FYROM) finally defused their difference by signing, in September 1995, a UN-brokered agreement normalizing ties between the two countries. On the issue of Macedonia’s name, they agreed to disagree, reserving a solution to a possible later date.

abandon this approach. Elsewhere in the FSU, potential for cross-border ethnic conflict will also persist. The most violent conflict so far has been the war between Armenia and Azerbaijan over the Nagorno-Karabakh region. There was also fighting in 1992 between Moldovan government forces and separatists from the mainly ethnic Russian and Ukrainian Transdniestria. Substantial Tajik and Kazakh minorities in Uzbekistan and Uzbek minorities in the Kyrgyz Republic, Tajikistan, and Turkmenistan also are potential sources of conflict.

Perhaps the most explosive conflicts in this region are those that could involve ethnic groups that live both in countries of the former Soviet Union and in neighboring countries along the periphery of the FSU. The Moldovans and Romanians, for example, are essentially the same people speaking the same language, and conflict between Slavs and Moldovans in Moldova could in principle involve Romania. Turkey’s population includes some 5 million ethnic Caucasians, many of whom have close ties to their compatriots in Russia and elsewhere. Iran has 15 million Azeris living in its northern provinces, while the Kyrgyz Republic, Tajikistan, and Turkmenistan all have co-ethnic groups across their borders with Afghanistan. These cross-border minority situations have the potential to foster conflict between the states of the FSU and countries along its periphery, as well as increase the potential for cross-border crime, terrorism, mass migration, and other spillover effects.

**Social and Political Stability.** Social and political stability is most threatened in parts of the ex-Communist world, although stability cannot be taken entirely for granted even in affluent and politically stable Western Europe. The source of instability most often identified in Western Europe is unacceptably high unemployment, which interacts with anti-immigrant sentiment and many of the ethnic and regionalist conflicts discussed above. Sources of social instability most often identified in Russia and other countries in transition include mass unemployment, endemic poverty in certain groups, and rampant crime and corruption. These problems often interact with existing ethnic or religious differences.

Throughout the FSU and selectively in other post-Communist transition countries, the incomplete and flawed nature of the political transition from Communism to the establishment of full-fledged
democratic systems is an inherent source of political instability. As in large parts of the developing world, governments lack popular legitimacy and thus are vulnerable to domestic upheavals, particularly in connection with elections and other political procedures that may be seen by the electorate as fraudulent.

In addition to the ethnic-based challenge that Turkey faces from its Kurdish population, Turkey faces particular challenges to its social stability—as the term has been understood in Turkey in the postwar period—from rising Islamic fundamentalist sentiment. Elsewhere in Western, Central, and Southeastern Europe, Islamic fundamentalism has limited implications for social stability. Albania and Bosnia are the only other countries with Muslim majorities. Islamic fundamentalist takeovers in former Soviet Central Asia are a possibility, but this danger is widely seen to have been overestimated in the initial aftermath of the breakup of the Soviet Union.

Western Europe's ability to project stability eastward is dependent on the maintenance of stability in Western Europe itself. Although few would argue that this stability is fundamentally threatened as it was in the 1920s, 1930s, and late 1940s, a growing number of observers point to disturbing trends and indications. According to one such analysis, Western Europe is facing "greater social disruption and physical risk than at any time since the early Industrial Revolution."17 One manifestation of growing instability at the margins has been the rise of radical right-wing parties, which in some scenarios could provide the basis for sharp discontinuities in European politics.

**External Political Trends**

The strategic transformation in Europe in the course of the last decade was the result of both fragmentation and consolidation. In a culmination of trends long under way if not fully recognized at the time, in 1989-1991 the strained and artificial unity of the east was shattered, even as Western Europe made dramatic progress toward political and economic integration—partly in response to develop-

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ments in the east. Germany was quickly reunified, and German Chancellor Helmut Kohl and French President Francois Mitterand immediately pushed for political union as a way of binding a larger and more powerful Germany into the EC.

These parallel and mutually reinforcing processes of fragmentation in the east and consolidation in the west reached their high-water mark in December 1991 when the leaders of the 12 countries of the European Community met in Maastricht, the Netherlands, to finalize the treaty establishing a West European political, economic, and monetary union just a few weeks after the presidents of Belarus, Russia, and Ukraine met in a hunting lodge outside Minsk to sign the agreements breaking up the Soviet Union and laying the basis for the establishment of a much looser Commonwealth of Independent States. Already in 1992–1993 these trends had begun to reverse themselves. In the west, political and economic and monetary union ran into domestic political trouble, beginning with the difficult process of ratifying the Maastricht treaty and continuing with the unexpected problems of the third stage of Economic and Monetary Union (EMU). In the east, the pace of fragmentation began to moderate, as the post-Communist government in Moscow began to lay the groundwork for a reintegration in some form of at least parts of the old Soviet Union.

Western Europe and the FSU continue to be characterized by conflicting and offsetting trends of integration and fragmentation. How these trends evolve in each region and interact with each other over the long term will have major strategic implications. In Western Europe, there is uncertainty surrounding the process of supranational integration within the EU—both its breadth (how many countries of Central, Eastern, and Southeastern Europe will become members of the Union) and its depth (how supranational will the Union be; what functions and responsibilities of national governments will it assume). There is also uncertainty concerning the former Soviet Union and how successful Russia will be in its efforts both to hold itself together by preventing the kind of fragmentation discussed above and, more ambitiously, to fashion a Commonwealth of Independent States that shares characteristics of both the old USSR and the evolving European Union.
The future strategic environment also will be shaped by how the European states or blocs of states—whatever the level of integration that they achieve—orient themselves toward each other and toward non-European powers, including China, Japan, major third world states, and, most important for purposes of this analysis, the United States. Neo-realists such as Kenneth Waltz argue that Western Europe (or a preponderant Germany in a Europe of failed or limited integration) almost inevitably will emerge as an independent power center and a rival to the United States.\(^\text{18}\) They do not go so far as to predict war, but they do see a certain degree of conflict as structurally rooted and nearly impossible to avoid. Other analysts stress the close political, economic, and “civilizational” ties between the United States and Western Europe, and argue that conflict and even rivalry among different parts of the same civilization are likely to be increasingly less important in a multipolar world. In this view, “enlargement” and “partnership” rather than geopolitical rivalry are the key policy issues: how far and how fast the core U.S.-West European alliance can be extended, eastward and southward, and how deep and comprehensive U.S.-West European cooperation can become in pursuit of common policy objectives.

A similar range of views exists with regard to Russia. Many policy analysts stress the different cultural and political traditions of Russia and conclude that Russia constitutes a permanent geopolitical challenge to its western neighbors—that “enlargement” of the Western community inevitably will stop at Russia’s western border (or, in Samuel P. Huntington’s view, at the western edge of the entire Orthodox world). Implicit in this view is an assumption that Russia will have and possibly exercise non-European geopolitical options—for example, alliance with China or with selected Middle Eastern powers against the West. An alternative view stresses Russia’s Western roots, its position as a power for which a stable place in Europe can be found, or even as a power that at times has had a close relationship with the United States that has developed independent of the European powers. In this view, Russia and its CIS neighbors are potential members of an “enlarged” Western world, albeit ones whose full in-

As will be seen in the next section, different assumptions about the external orientation of Western Europe and Russia as well as different assumptions about degrees of internal cohesion and integration generate alternative strategic worlds and security and defense implications.

**Western Europe.** After the optimism of the late 1980s and early 1990s that accompanied the successful completion of the Single European Market, the Maastricht treaty, and the collapse of Communism, Western Europe entered a period of economic and political uncertainty. The difficulties encountered in 1992-1993 in ratifying the Maastricht treaty revealed widespread popular skepticism about a united Europe, and progress toward integration has slowed. Europe’s failure to deal with the crisis in the former Yugoslavia has damaged morale at both the elite and the popular levels, as has the persistence of high unemployment. Moreover, the ability of Western Europe to deal with the pressing problems on its agenda has been undermined by weak and unpopular political leadership in many countries. Against this background, the policy agenda of the EU and its member states will be dominated for the next several years by three issues: (1) completing EMU; (2) enlargement to include Central and Eastern Europe; and (3) institutional reform aimed at strengthening the Union’s ability to function with a larger and more diverse membership as well as bolstering its external identity and its ability to pursue an effective Common Foreign and Security Policy (CFSP).

Although it is unlikely that a majority of member states will meet all of the Maastricht criteria, the most probable outcome is that EMU will go forward as scheduled. Governments have repeatedly reiterated their commitment to the timetable, and detailed technical preparations are being made by central banks, finance ministries, and the European Monetary Institute—the Frankfurt-based precursor to the European Central Bank. Acceptance of the inevitability of EMU is growing in business and banking circles, and the international bond and foreign exchange markets are increasingly behaving as if EMU will go forward. Despite initial German and Dutch preferences for an EMU with a hard core of six to seven members, France, Italy, and the other Mediterranean countries have lobbied inten-
Sources of Conflict

sively for the inclusion, from the start, of Spain and Italy. Moreover, Italy, Spain, and Portugal have done somewhat better in meeting the convergence criteria than many governmental and private experts predicted in the early 1990s, while Germany has had greater difficulty in doing so than was anticipated. The result of these trends could be a broader and possibly weaker monetary union with as many as 11 initial members. The United Kingdom, Denmark, Sweden, and Greece are not expected to join the single currency when it is launched in 1999, but they will be linked to it through the European Exchange Rate Mechanism (ERM), and may join within a period of several years. While establishment of EMU in 1999 appears to be the most likely outcome, an alternative scenario would see a breakdown of the political will or means to carry through with the project, most likely in France. This would be followed by a shelving of the enterprise, although this in turn would be followed by damage-limiting actions by governments to try to ensure that failure of EMU does not result in the kind of negative spillovers for European integration in general that have been predicted by some of EMU’s most ardent proponents.

The second major issue on the agenda of the Union is enlargement. The fundamental question of whether to enlarge was resolved at the June 1993 Copenhagen summit, at which the European Council decided that the Union would admit all those “associated countries” from Central and Eastern Europe that were “able to assume the obligations of membership by satisfying the economic and political conditions required.”\(^{19}\) Associated countries were defined as those countries with which the Union had concluded or planned to conclude “Europe Agreements.” The current list of such countries includes the CEEC-10, whose economic performance was discussed above. In addition, Cyprus is a candidate to join the Union, having submitted its application in 1990. Given the requirement that accession negotiations can begin only six months after completion of the Intergovernmental Conference (IGC), it is likely that the initial candidates for membership will be selected sometime in the second half of 1997. Accession negotiations could be formally launched in December 1997 and begin in earnest in early 1998. The decisions to

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begin negotiations and to finalize accession agreements are ultimately political and will require the approval of national governments, parliaments, and the European Parliament; much, therefore, can go wrong. If developments proceed as planned, however, the first new members are likely to join the Union in the 2002–2005 period.

The potential long-term implications of the EU’s 1993 decisions regarding enlargement are far-reaching. The Copenhagen decision in principle settled a debate about the future architecture of Europe that had simmered in Europe since the fall of the Berlin Wall and throughout the early 1990s. On one side, there were those who preferred little or no widening of the existing EU. In their view, Europe should be organized in a set of concentric circles, with the EU at the core, a grouping of European Free Trade Association (EFTA) and Central European states in a second circle linked to but not part of the Union, and a more distant circle comprised of Russia and the NIS. On the other side, there were those who favored a rapid widening of the EU to include the EFTA countries, Central and Eastern Europe, and perhaps even Russia, Ukraine, and other NIS. The EU would then be a “wider,” looser free-trade arrangement, which might avoid drawing sharp lines through any part of Europe that would exclude some countries while including others. The decision to take a middle course—to offer membership to all of the countries of Central, Eastern, and Southeastern Europe (the Baltic states included) but to rule out membership for Russia and the other NIS (and implicitly Turkey)—reflected strong German preferences and will have important strategic implications. In principle, it means that Europe is headed toward a situation in which there will be two main centers of power on the continent—the EU in the west, center, and southeast, and Russia in the east, with Turkey left in a complex position of association with the EU, coexistence with Russia, and historic and religious linkage with the Middle East.

In practice, of course, the strategic landscape in Europe will be determined by the actual pace and character of enlargement as much as by its theoretical possibility. While all of the Associated States of the EU are formally on track for membership, there is no guarantee that all (or indeed any) of the applicants will make it, and there is a very real possibility that membership for some countries could be deferred until well into the next century. If this is the case, the nature
of the relationship between the new “ins” and the “outs” (and between the “outs” and Russia and the other NIS) will be an important factor in European and Atlantic politics. EU expansion most likely will be preceded by several years by the expansion of NATO to include Poland, the Czech Republic, and Hungary, followed perhaps by Romania, Slovakia, Slovenia, and other countries. As in the case of the EU, however, NATO is unlikely to expand soon to all of the countries between the current eastern border of the alliance and the western borders of Russia. This limited reach of NATO will leave a “gray zone” in Europe that, depending upon circumstances and developments, could have important implications for U.S. strategy and defense planning as well as for the EU’s relations with its eastern periphery.

The third major issue on the EU agenda is institutional reform, the subject of the 1996–1997 IGC. While federalists such as Chancellor Kohl initially approached the 1996 IGC as an opportunity to recoup some of the ground that was not covered at Maastricht—to strengthen the political powers of the Union, to create an effective CFSP, and to overcome the “democratic deficit” by providing for greater direct involvement of the citizens in EU affairs—the hoped-for institutional and constitutional leap forward did not occur at the IGC, given active opposition by Britain and lukewarm support in other member states. The treaty revisions of the June 1997 Amsterdam summit provided for some enhancement of supranational Community competences, particularly in the economic sphere, coupled with a continuing reliance on intergovernmentalism in key areas. Cooperation in justice and home affairs was increased, and there was explicit recognition of the possibility of resorting to “variable geometry” or “reinforced solidarity”—joint actions, policies, and even institutional arrangements among subsets of EU member-states that wish to proceed faster and further with integration in particular areas than their fellow members.20

The near- and medium-term outlook thus is for the European Union to look rather similar to the EU of today, albeit with some important

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changes. The single European currency will be a reality, shared by as many as 11 member states, but creation of the currency will not in itself lead to major progress in political integration or to a more assertive European Union on the world scene—at least not in this time frame. Politics in Europe will remain somewhat inward oriented as governments seek to ensure that EMU is successful and to deal with other issues on the European agenda. There will be some strengthening of EU institutions and of the WEU, but no decisive breakthrough to a federal Europe. EU enlargement will not have occurred, but it will be on track for Poland, the Czech Republic, and possibly other countries for the 2002-2004 time frame. CFSP will be strengthened somewhat, with an upgrading of selected EU competences and of the role of the WEU, but little progress will have been made on a European “defense identity.” Europe will continue to depend on NATO and the United States for its security. Western Europe will have made some progress in dealing with its structural economic problems, but it will remain a relatively weak economic actor in some respects, internally preoccupied with reform of the welfare state, unemployment, and other issues.

Looking further down the road, broad uncertainties arise that make it difficult to determine the ultimate limits of the European enterprise. While federalist sentiment appears to have peaked in the early 1990s, this does not mean that the integrationist impulse will not revive at some point or that Europe will never achieve a decisive breakthrough to political and strategic union. At the same time, leading European officials and commentators have warned against a deep crisis in the Union that could lead to an unraveling of many elements of integration and cooperation that now exist, followed by “renationalization” and a slide into rivalry and conflict reminiscent of the 1930s. In all probability, Western Europe will steer a middle course between these extremes, but the process of integration is uncertain enough to preclude dismissing outcomes at either end of the spectrum: creation of a federal, European superstate, or disintegration and renationalization, with the EU becoming little more than a forum for loose intergovernmental cooperation.

In the event that the more pessimistic projections about the EU turn out to be correct and that it either muddles along in its current state or even drifts back toward renationalization, a key question will be whether Germany, as the strongest power in Europe and the one
most committed to integration in some form, might take the lead in fashioning an alternative to the current pattern of integration, focusing on a core Europe that might develop under the umbrella of the EU, but that would be held together by close economic, industrial, monetary, and political ties. The economic, political, and cultural center of Europe has shifted northeastward with the reunification of Germany and the accession of Sweden, Finland, and Austria to the EU, and German influence in Europe will be enhanced even further by trends in trade and investment even short of formal enlargement to the east. As German firms seek to improve their global competitiveness, they increasingly will outsource production of components (as well as higher value-added functions) to lower-cost regions along Germany’s borders. The European economy thus will be dominated by a powerful trade and production bloc with Germany, the Visegrad countries, Austria, Switzerland, the Benelux countries, eastern France, northern Italy and Slovenia and Croatia at the core; and the rest of southern and eastern Europe, the UK, and Scandinavia at the margins. With its central economic position, Germany would be well placed to exercise political leadership in a faltering Europe.

Apart from the level and nature of integration achieved in Western Europe, the future strategic environment and thus U.S. defense requirements will be shaped by Western Europe’s orientation toward external powers. With regard to the United States, the key questions are likely to be the extent to which concepts such as partnership and enlargement are translated into concrete political guidance for defense planning. More specifically, these concepts will be shaped by both the breadth and the depth of the U.S.-European partnership—by how many countries eventually will be part of an Atlantic community and how far east U.S. Article 5 defense obligations will extend, as well as by the quality and scope of the Atlantic relationship and whether the concept of partnership will be limited to defense of Europe narrowly defined (as in Article 5), or will extend to joint military action in third areas such as the Middle East or indeed to cooperative global management in all spheres (economic, political, environmental, and so forth).\textsuperscript{21}

\textsuperscript{21}The outlines of a global partnership already exist in “The New Transatlantic Agenda” and the “Joint U.S.-EU Action Plan” that were signed in Madrid in December 1995, and that include various commitments on promoting peace, stability, and de-
Russia and the CIS. Just as it is necessary to look at the ultimate limits of the West European integration enterprise and their implications for the future geopolitical order, it is important to examine how far trends in the east might go, and specifically how successful Russia, alone or in combination with other states, might be in reestablishing the position of relative geopolitical strength that it enjoyed in the Soviet era. The main determinant of Russia’s future weight as a strategic actor is likely to be the course of economic revival in Russia itself. A related factor will be the degree to which Russia manages to create a federation or confederation of states on the territory of the FSU. The latter factor will influence not only the quantity of resources that Russia brings to bear as an international actor, but the quality of Russia’s domestic and foreign politics—whether it defines itself exclusively as the Russian nation-state, or whether it retains in some form the old Tsarist and Soviet imperial tradition with its distinct approaches to international politics. The CIS countries remain heavily dependent on Russia for supplies of energy and other materials. Many, and especially Ukraine, have piled up huge unpaid debts to Russia for these supplies, especially as prices have moved to world market levels. In some cases Russia has suspended deliveries, leading to charges that political pressures are being exerted by Moscow. CIS countries have been allowed to clear up their debts to Russia by ceding controlling stakes in national firms in the energy and other sectors to Russian firms such as Gazprom.

Russian foreign policy continues to concentrate on what Russia officially calls its “near abroad” and is registering some success in achieving reintegration through the CIS. Russian objectives and policy towards the CIS were set forth in a presidential edict signed by Yeltsin in September 1995, “Strategic Policy of Russia Towards CIS Member States.” The document stated that the priority in Russian policy given to the CIS is the result of two factors: that vital Russian interests in the economy, defense, security, and protection of the rights of Russians are concentrated on the territory of the CIS; and,

velopment around the world and responding to global challenges. But these are political statements of intention rather than legal obligations to joint action.

significantly, that “effective cooperation with CIS states is a factor which counteracts centrifugal tendencies in Russia itself.”

While Russia’s official policy treats the CIS as a unit, in practical terms there are great differences among the member-states, and Russian policy can in some respects be seen as one of hub-and-spoke bilateralism, based on special relations with each country under the loose CIS umbrella. The CIS thus can be thought of as a loose set of concentric circles in which integration is proceeding unevenly. The innermost circle consists of Russia and Belarus, which in 1996 concluded a far-reaching economic and political agreement that, if fully implemented, will go quite far in the direction of abolishing Belarus as an independent state. A second circle of integration is comprised of Kazakhstan and the Kyrgyz Republic. In April 1996, these countries, along with Russia and Belarus, concluded an integration treaty that provided for the eventual establishment of a customs union, simplified procedures for the acquisition of citizenship for permanent residents from signatory countries, and harmonization and mutual recognition of legislation and standards. A third circle is made up of Azerbaijan, Armenia, Georgia, Tajikistan, and Uzbekistan. These countries have much looser relations with each other, but along with the four members of the customs union they are all parties to CIS collective security agreements and participate in CIS summits, ministerial meetings, and committees. Finally, there is an outermost circle that includes Ukraine, Moldova, and Turkmenistan. These countries are nominally members of the Commonwealth, but they are most protective of their economic and political independence. Their participation in CIS activities is highly selective. In the case of Ukraine and Moldova, they are also much more oriented toward other parts of Europe and especially the EU than the other CIS states.23 Although the Russian government seems pleased with the

23While these four circles reflect different degrees of integration, there are also many exceptions and anomalies. Kazakhstan in particular is following a subtle policy under which it participates in many CIS integration schemes while carefully preserving its sovereignty and freedom of action. It is noteworthy, for example, that Kazakhstan was one of six CIS members—the others being Azerbaijan, Moldova, Turkmenistan, Uzbekistan, and Ukraine—that did not sign the July 1995 CIS external borders treaty, whereas Georgia, Armenia, and Tajikistan did sign. This is clearly an example of the evolving “variable geometry” in the CIS, in which states participate in different integration measures depending upon interest and ability. For the text, see “Treaty on Cooperation in the Protection of the Borders of the Participants in the Commonwealth
progress made in recent years toward closer integration, it does not necessarily follow that these developments presage a weakening of national independence leading to the reconstitution of something like the Soviet Union. The readiness of the Central Asian countries to cooperate more closely with Russia has gone hand-in-hand with the process of state-building in these countries, as increased national self-confidence and capability have made them less wary of working with Moscow on matters that they regard as in their own interest. Over the long term, Russian influence in this region would appear to be a waning asset. The future strategic environment thus is likely to be shaped by the emergence of the Central Asian states as increasingly important and largely independent actors on the European, Asian, and Middle Eastern political stages.

Turning toward the “far abroad,” current Russian foreign policy is marked by the great-power assertiveness that was instituted by former Foreign Minister Andrei Kozyrev in response to nationalist pressures and disappointment with the Atlanticist approach. Much of this assertiveness is rhetoric rather than substance, given Russia’s weakness and its concentration on the CIS, but some gains have been made. There are two major thrusts to this policy. The first, directed at Europe and the United States, is aimed at blocking, slowing, or otherwise attaching conditions to the expansion of NATO. The second is to reassert Russia’s political and economic interests as a world and Asian power, and to strengthen ties with such traditional partners as Iraq, Iran, and India, as well as with long-standing rivals such as China and even Japan.

Apart from these tendencies in relations with particular regions and countries, economic considerations in general loom much larger in Russian foreign policy than was the case in the policies of the Soviet Union, which tended to weight political, military, and ideological considerations more highly than economic gains. On the one hand, a weak Russian economy and certain industries—in particular, armaments, nuclear energy, and space and civil aviation—need to penetrate foreign markets and to earn hard currency in order to survive in the post-Soviet environment. On the other hand, having lost or given up political, ideological, and military levers of influence that
were available to the Soviet Union, Russia looks to economic instruments in its efforts to maintain or expand its influence in other countries, particularly in the CIS and in Central and Eastern Europe.

Russia’s current foreign policy, with its mix of great-power assertiveness and economic opportunism, of reflexive anti-Westernism and preoccupation with NATO expansion, does not add up to a coherent vision of Russia’s place in the world. It is thus difficult to predict how Russia’s orientation toward such key external actors as the United States, Western Europe, China, Japan, and Iran will evolve. Fundamentally, however, Russia will be compelled to adjust to its drastically reduced power position in the world—although in so doing it may be able to take advantage of certain opportunities that were not available to the Kremlin before 1991, owing to its relatively isolated position in world politics. In the future, Russia will be weaker than was the Soviet Union, but it may also be more integrated, economically and politically, into the global system.

The decline and ultimate disintegration of the Soviet Union coincided with and partly made possible a broader set of changes that included the reunification of Germany, the rollback of Russian influence in Central and Eastern Europe, and the enlargement of the European Union to Austria, Finland, and Sweden. These developments were not aimed at weakening Russia’s position in Europe; they were more an effect than a cause of Russia’s weakness. But having occurred, they will tend to perpetuate and reinforce that weakness. Not only is Russia smaller and weaker than was the former Soviet Union; it also faces an array of middle powers—Germany, Poland, and Turkey—whose relative power has increased with the end of the Cold War and that will constitute a partial counterweight to any revival of Russian power.

Thus, even under the unlikely assumption that all of Ukraine, Belarus, and the Baltic states were again brought under Russian control, Germany would remain united and a member of NATO and, as such, far less vulnerable to Russian pressure than West Germany was in the Cold War. Integration of Poland, the Czech Republic, Hungary, and other Central and Eastern Europe (CEE) states in NATO would further bolster the coalition of states arrayed against a resurgent Russia. At most, Russia could pose the kind of threat to Europe that it posed during periods of ascendancy before World War II, but
not the geopolitical preponderance that it had from the end of World War II to the fall of the Berlin Wall.

At the same time, however, Russia has one advantage that the Soviet Union did not have—flexibility and regional diplomatic options. It has smaller capabilities and more modest ambitions, but it has, at least in theory, several broad alternative foreign policy courses that it could choose in the future. One course would be to define Russia in opposition to the West (the United States, Western Europe, and Japan), and to ally itself as closely as possible with Middle Eastern powers and/or with China, all of which have grievances of one sort or another with the West and would like to have more of a say in “writing the rules” that currently are very much the province of such Western-dominated institutions as the G-7, the International Monetary Fund, the international development banks, and the World Trade Organization. An alternative option would be for Russia to reemphasize its European identity, and to seek close relations with Europe, partly as a way of hedging against the rising power of China and against surging instability from countries such as Iran. Even within the European option, Russia would face choices between a German/continental emphasis, and an emphasis on working with the United States in a broader Atlantic structure. These choices of foreign policy orientation, which are likely to play out in the coming years, would be associated with different economic orientations in Russia, and with different paths of development in the world economy.

**Defense and Defense Industrial Trends**

**Western Europe.** While European governments are pursuing long-term plans for bilateral, multilateral, and EU/WEU defense cooperation with the aim of making Europe a stronger and more self-sufficient military power, governments everywhere are cutting forces and capabilities in response to the end of the Cold War and the need to meet the Maastricht criteria on debt and deficit reduction. Europe is growing more—not less—dependent on the United States for the

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24At the July 1997 Denver summit, the G-7 was expanded to include Russia. However, Russia was not admitted to the group of Western finance ministers. This arrangement sometimes is referred to as the “G-7-P [political]-8.”
conduct of defense missions, particularly those that are “out of area.” There is also growing concern about the parlous state of Europe’s defense firms and much discussion of what can be done to strengthen their position against intensifying competition from huge U.S. firms that have emerged from the post–Cold War restructuring of U.S. industry. A key question for Europe’s future strategic environment is whether these trends are short-term phenomena that will be reversed once EMU is in place, or whether Western Europe will continue to decline as a military factor, thereby increasing dependence on the United States as well as creating an opportunity for even a severely weakened Russia to assert a status as the continent’s leading military power.

**Defense Capability.** Germany, the largest military power in Western Europe, has cut manpower and equipment levels in response to budgetary pressures, the financial burdens associated with German reunification, and the challenge of meeting the EMU convergence criteria. But Germany retains a long-term commitment to continental defense, and is the only country (besides Finland) in Western Europe that does not intend to abolish conscription. Germany also has resolved the paralyzing internal debate over participation in out-of-area missions and is developing modest capabilities for such missions. But Germany is primarily committed to maintaining a large army with mobilizable reserves (a total force of 750,000 is to be available) for continental defense.

France is attempting the same task in the defense realm as Germany: coping with short-term cuts and restructuring its forces to provide more usable and flexible capabilities for the future. In the absence of any immediate threat to its security, France is attempting to position itself for the long term. It intends to reduce its defense forces by 25 percent—from 577,000 to 434,000—by the year 2002. The army will be reorganized, because the French Ministry of Defense intends to have a force that will be capable of dealing simultaneously with two scenarios: the first described as a “major commitment” within the framework of the Atlantic alliance or the WEU, the second for lesser contingencies—not specified but most likely peacekeeping or peace enforcement missions—that would entail the deployment of 35,000 men in one major and one minor theater. The smaller continental countries and the UK all are coping with challenges similar to those facing the French and the Germans: downsizing forces, in some
cases eliminating conscription, and restructuring to cope with expected out-of-area missions such as peacekeeping and disaster relief.

Apart from the current restructuring, there is the question of to what extent Western Europe will take part in the “revolution in military affairs” (RMA) that defense analysts and policymakers believe is under way, and whether failure to participate fully in this revolution could further widen the military gap between Western Europe and future military allies or competitors. Many of the reforms in the West European defense sector, such as the move to smaller, more professional forces, modernization of force structure, and increased investment in intelligence-gathering and precision-strike systems, could speed the adaptation to RMA. The European Union and various national governments also have devoted massive attention (albeit so far with mixed results) to fostering leading-edge commercial technologies that are relevant to RMA. On balance, however, Western Europe is just beginning to think about these revolutionary developments, and the near-term outlook is for a continued widening in the gap between U.S. and European capabilities.

The general outlook for the defense sector over the next several years is for continued declines and for an overall increasing level of dependence on the United States. Western Europe’s ability to make a meaningful contribution to a major regional contingency (e.g., in the Persian Gulf), will decline, as will even the ability to take on or sustain less-demanding peacemaking or peacekeeping missions. There are influences working in the opposite direction—namely, the restructuring of the French forces and the lifting of constitutional constraints on Germany’s ability to deploy outside the NATO area—but these influences will translate only gradually into enhanced capability.

While the near-term outlook in Western Europe is one of continued decline, the political, institutional, and even to an extent the physical elements of a stronger and more independent defense capability are being established. Many European collaborative initiatives are already under way, such as the Eurocorps and EURMARFOR. Headquartered at Strasbourg, the Eurocorps consists of one French and one German division, the Franco-German brigade, and smaller units from Belgium, Spain, and Luxembourg. EURMARFOR is a standing WEU naval force that was activated in October 1995. It consists of
units ranging from single ships to naval-air and amphibious task forces from Spain, France, Italy, and Portugal, and is intended for humanitarian assistance, peacekeeping, and crisis response in the Mediterranean area. Over time, these cooperative ventures might result in the establishment of a large and capable European force, such as the 300,000-man force proposed by French Prime Minister Alain Juppé in early 1996, to be based on the contribution of 50,000 troops by each of the major West European states. This force would be integrated into NATO, but it would also be capable of acting on its own in regional contingencies. Juppé's proposal is unlikely to be implemented soon, but it has a logic that could prove attractive in the future, based as it is on intergovernmental cooperation among the major middle powers of Western Europe, all of whom have a long military tradition and who could in principle combine to create an effective force of this size.

**Nuclear Deterrence.** The next few years are not likely to see major changes in the role of independent nuclear deterrent forces in Europe. Indeed, perhaps the most remarkable feature of the current scene is a level of stability that might not have been expected several years ago, given the geopolitical upheavals that have occurred and the enhanced importance that nuclear weapons might be expected to play in a world characterized by greater multipolarity. An important background development has been the success of efforts, led by the United States, to ensure that following the breakup of the USSR, Ukraine, Belarus, and Kazakhstan transferred “their” nuclear weapons to Russia, which became the sole successor to the Soviet Union as a nuclear power. Another indication as well as a further guarantee of stability was the agreement by all European nonnuclear states, including united Germany, to the indefinite extension of the NPT at the 1995 review conference. On the other hand, France under Chirac has reaffirmed its status as a nuclear power, even though it announced the dismantling of its land-based nuclear missiles and its decision not to build a fifth new nuclear submarine.

Although the current situation is marked by stability, the geopolitical changes in Europe since 1989 and the ongoing process of developing a European defense identity most likely will raise the question, sooner or later, of a European nuclear deterrent. The leading West European powers have always held open the possibility of a European nuclear force, even though this led to considerable strain with
the United States in the 1960s, when the NPT was under negotiation. President Chirac has renewed a French offer going back to the 1980s for a “joint deterrent” with Germany and the other EU states in a “joint strategic space.”

Concrete steps towards Europeanization might include intensification of the work of the Franco-British Joint Commission on Nuclear Policy and Doctrine that was permanently established in July 1993, or the possible association in some way of Germany with the work of the Commission. Radical change, however, such as German control over nuclear weapons or even Franco-British cooperation going significantly beyond the sharing of information is unlikely in the next several years.

**Defense Industry.** The defense industry in Western Europe is frequently described as threatened and in crisis. Defense spending, employment, expenditures on R&D, and exports all have fallen since the early 1990s. A number of responses to this situation are being discussed—action at the EU level, multilateral arrangements among selected countries, cross-border mergers, acquisitions, and joint ventures at the firm level. Germany continues its course of the last decade in working to build up a world-class aerospace firm under the wing of Daimler-Benz. In the United Kingdom, British Aerospace and General Electric Corporation (GEC) are market-oriented firms with a strong European and international orientation. So far, however, the development of strong, commercially driven pan-European defense firms has been hindered by state ownership of firms and the reluctance of governments, especially in France and Italy, to privatize and to allow foreign investment in the defense industry.

At the European level, the defense industry was exempted from the Treaty of Rome establishing the European Economic Community (EEC). The European Commission has proposed, in 1990 and again in 1995 in connection with the IGC, that the Union’s common external tariff and its rules on competition and procurement be extended to the defense industry sector. Such a move could have important negative implications for transatlantic defense trade, but it is unlikely to happen soon, because it would also limit the ability of member-state governments to favor private or state-owned firms through state subsidies and captive markets. In the absence of a consensus
on “communitizing” European defense industrial cooperation, France and Germany agreed to establish a Franco-German arms-
ments agency. The agency became fully operational at the end of 1996, with Britain, Spain, and Italy also joining as charter members. The agency eventually could fall under the umbrella of the WEU or the EU. At the firm level, cross-border mergers and acquisitions in Europe have long been blocked by national considerations and complex ownership arrangements, but industry restructuring is now beginning under market and economic pressures.

Whether a cohesive European industry arises remains to be seen, however. France and Britain have entirely different outlooks and traditions regarding defense production, with Britain relying much more on ties with the United States and open competition, whereas France has systematically favored a “national champion” approach to defense production and now increasingly opts for a “European champion” approach as the most feasible alternative. Germany occupies a position somewhere between France and Britain—more reliant on market forces and cooperation than France, but also open to French arguments regarding the need to create European alternatives. Equally important, low budgets and procurement levels limit the speed at which consolidation and restructuring, irrespective of how they occur, can lead to a stronger and more competitive industry.

Russia and the CIS. Militarily, Russia remains weak and is unlikely in the short-to-medium term to pose an offensive threat to other European countries—with the notable exception of the Baltics. Its armed forces are currently underfunded and understaffed. Draft evasion is rampant, and officers of all ranks are leaving the armed forces in large numbers. Those who remain have suffered a severe drop in status and standard of living and often are reduced to carrying out tasks formerly assigned to enlisted men. Procurement for most categories of weapons has fallen to zero or near-zero levels, and the technological gap between Russia and the advanced Western countries, above all the United States, clearly is widening. The Russian military is attempting to remedy these deficiencies, focusing on

creating smaller but better and more usable forces, but is severely hampered by low budgets and poor overall economic conditions.

In defense as in foreign policy, Russia draws a distinction between what it calls its “near abroad” and its “far abroad,” and at least for now is focusing on the former. Russian national security policy places a heavy emphasis on defense integration in the CIS, even though, as has been seen, several key members do not participate in the CIS’s military activities. According to the Russian draft national security policy document issued in early 1996, “the Russian Federation is committed to the idea of creating a collective security system in the CIS unified military-strategic area that is based on the Collective Security Treaty of 15 May 1992 as well as on bilateral agreements with CIS countries.”

At the February 1995 session of the CIS Council of Heads of State and Government in Almaty, Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, the Kyrgyz Republic, Tajikistan, Uzbekistan, and Russia adopted two agreements intended to build upon and concretize the obligations contained in the May 1992 treaty. They agreed to joint defense planning and the coordinated control of external borders. They also adopted a three-stage plan for the creation of a full-fledged collective security system.

Much of what has been concluded at CIS meetings on defense can be discounted as rhetoric. Nonetheless, the Russian military presence throughout the CIS is increasing. In 1995, Georgia reversed nearly five years of post-independence policy and informed Russia that it would be willing to allow Russia to base forces on its territory for 25 years in exchange for Russian help in regaining control over the separatist regions of Abkhazia and South Ossetia. Azerbaijan so far has turned down Russian requests for military bases on its territory, but it could change this policy in return for Russian help in regaining at least nominal control over Nagorno-Karabakh, now effectively controlled by Armenia. In the Transcaucasia, Russia has four military bases in Georgia and one in Armenia.

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26 See the “Military Policy” section (one of seven), in the draft document on military policy, which appeared in the military supplement to Nezavisimaya Gazeta, April 25, 1996, in FBIS-SOV, April 26, 1996.

27 The Tajik-Afghan border is already protected by troops from Kazakhstan, the Kyrgyz Republic, Uzbekistan, Russia, and Tajikistan.
Russian thinking about defense issues as they relate to the “far abroad” is less developed and reflects the dilemmas faced by a country adjusting to loss of global superpower status and not used to defining its security needs in terms of localized, individual threats. The official military doctrine of the Russian Federation no longer identifies particular countries or groups of countries as posing a threat of direct physical attack. The “Basic Provisions of Military Doctrine of the Russian Federation” was signed into law by President Yeltsin in November 1993, one month after he disbanded the Supreme Soviet with the support of the armed forces. This document declared that Russia would “not regard any state as an adversary” and that ensuring Russia’s military security and vital interests depends above all on developing close relations with other states and on the further development of a stable international order. This declaration was a shift from the previous defense doctrine, which implicitly singled out the United States and NATO under the label of “some states and coalitions” that wished to dominate the world.28 The Basic Provisions also formalized the shift in Russian doctrine to an embrace of nuclear deterrence. This shift reflected an assessment, based on Russia’s changed geopolitical and economic circumstances, that a highly demanding nuclear warfighting posture as well as reliance on conventional means to meet conventional threats (both of which had been elements of Soviet military doctrine) no longer were viable.

Notwithstanding official doctrine, Russian military planners and political leaders do not exclude the possibility of conflict with the countries of the “far abroad.” Border clashes between Russia and Turkey or China cannot be ruled out, and Russian forces operating in Tajikistan may come into conflict with guerrillas operating from Afghanistan in support of the Tajik opposition. Over the long term, Russia could be especially vulnerable to pressure from China.

Operating against a background of severe resource constraints, the Russian military now is trying to build a force for the future. The total Russian military force is projected at approximately 1.5 million men for all forces, including the army, navy, air force, and strategic rocket forces. Russian military planners envision development of a

28See texts in Rossiyskaya Gazeta, May 18, 1996; ITAR-TASS, May 16, 1996.
three-tiered military structure, consisting of mobile forces for rapid reaction, ready forces for a major regional contingency, and large, less-ready, but mobilizable forces.\textsuperscript{29}

The Russian air force is facing major problems of block obsolescence and has several new aircraft models in development, including the MiG-33 and the Su-35. Despite the heavy emphasis on upgrading quality and technology, it is unlikely that Russia will go forward with the development of a fifth-generation fighter aircraft. The Russian air force has stated that it wants a new fighter and has stressed the growing importance of stealth technology and Russia's need to incorporate this technology into its forces. But competing priorities in the defense establishment as well as the overall shortage of money in the defense budget probably ensure that the Russian forces will not be receiving a new generation of aircraft soon.\textsuperscript{30}

The Russian defense industry has fallen on difficult times, as a result of low procurement, shrinking budgets, and the loss of markets in the former Warsaw Pact. The breakup of the Soviet Union also affected the arms production industry—many factories in Russia were dependent upon parts and components from Ukraine and elsewhere. Maintaining these supply relationships has become a focus of cooperation in the CIS.

For the next few years, Russia will continue to look to every possible export market as a way of trying to compensate for these domestic difficulties. But these are stop-gap measures to compensate for collapsing internal demand. Russia's position as a major supplier of the most advanced conventional weaponry has in fact weakened from what it was in the 1970s and 1980s and is destined to weaken further as the technological gap with the West widens.

Moreover, in the near term, Russia lacks the wherewithal to participate in the revolution in military affairs said to be under way. Over the long term, however, Russia is probably better positioned than was the Soviet Union to participate in this revolution because its

\textsuperscript{29}This discussion is based on Richard Kugler, Enlarging NATO: The Russia Factor, Santa Monica, CA: RAND, MR-690-OSD, 1996, pp. 139-156.

\textsuperscript{30}For further discussion, see Benjamin Lambeth, Russia's Air Power at the Crossroads, Santa Monica, CA: RAND, MR-623-AF, 1996, especially pp. 235-257.
overriding long-term priority is the development of its economy on the commercial side as well as full integration into the broader international economy.

The only other country within the CIS with ambitions to create a sizable military force operating independently of Russia is Ukraine. Kiev appears to be aiming at a total force of some 13 divisions and 500 combat aircraft—about one-third to a quarter of the size of Russia's overall force. With a force of this size (leaving aside the nuclear factor), Ukraine would be far weaker than Russia. However, it would have a much better chance of standing up to one of Russia's mobile forces in the event that Russia needed to deploy forces for other contingencies, perhaps in the Far East, the Baltics, or the Middle East. Conversely, Ukraine's position relative to Russia would weaken were Russia able to mobilize support from other CIS states such as Belarus or Moldova.

**Other**

In addition to the major drivers discussed in this chapter, developments in several other areas could influence the long-term strategic environment.

**The Role of the State and of Nonstate Actors.** Many observers of international politics have argued that the role of the nation-state in the international system is changing, and that the rise of nonstate actors such as multinational corporations, international organizations, transnational criminal organizations, and issue-based transnational nongovernmental organizations is challenging the state's traditional dominance in security and international affairs. Long-term trends could shape the strategic environment in Europe and elsewhere, and influence the kind of conflict scenarios that arise and the behavior of actors, including states, in these scenarios.

**The Environment.** Environmental concerns have been a major political factor in Western Europe since the emergence of the Green parties in the late 1970s. In Central and Eastern Europe and the FSU,

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the collapse of Communism revealed unexpectedly severe levels of environmental damage, and lent urgency to collective efforts by the West to address environmental problems as part of the overall process of overcoming the division of Europe.

Objectively, environmental factors will have many long-term effects in Europe, but the very slowness of these effects should allow for gradual adjustment. Economic growth is likely to be slower than it might otherwise be as a result of environmental degradation and of efforts to deal with environmental problems by policy, but Western Europe will not be affected by the kinds of ecological disasters that have devastated parts of the Middle East and Africa. In some of the countries of Central Asia, however, economic growth and political stability may be fundamentally undermined by festering environmental problems.

**Technology.** Identifying long-term technology trends and their social, economic, political, and strategic implications is notoriously difficult. Key trends and developments in this area could include new information technology applications that will increase the already extensive interdependence of European societies (perhaps accelerating the closure of the economic and cultural gap between the eastern and western parts of Europe), but also create new vulnerabilities, as in the possibilities for computer and “cybercash” fraud and information warfare. Developments in energy, such as the widespread introduction of electric cars, could transform large sectors of the European economy. New developments in biotechnology and more advanced medical technologies will contribute to increased life expectancy in European societies. Technological advancements could expedite the continuing revolution in military affairs.

**ALTERNATIVE STRATEGIC WORLDS**

**The Building Blocks**

The building blocks of our six alternative strategic worlds, to be discussed later in this section, consist of four alternative scenarios for Western Europe and the EU as well as four alternative scenarios for Russia and the NIS.
Western Europe and the EU. As has been seen earlier in this chapter, the future strategic landscape in Europe will be shaped by a range of interacting economic, demographic, and political trends. Drawing upon the previous analysis, it is possible to develop four alternative scenarios for Western Europe and the EU over the relevant time horizon: (1) Eurofederalist Success, (2) Failed Integration/Renationalization, (3) German Alternative, and (4) Muddling Along.

**Eurofederalist Success.** This outcome would represent the fulfillment of the federalist aspiration and would be a logical consequence of the integration trends discussed above, provided they were to continue and to cumulate over the course of the next several decades. Europe would have achieved economic and monetary union and would act as a single force in international economic and monetary forums. Another aspect of the Eurofederalist Success would be the development of a common foreign and security/defense policy and the institutions and capabilities to carry it out. A European army would function much as U.S. forces did in earlier periods of U.S. history, with units organized at the state level but available to be “federalized” and placed under the command of the central political authority. European arms production and military R&D would be directed by a single supranational authority analogous to the U.S. Department of Defense and with comparable budgetary authority.

More generally, Europe will have created a powerful set of supranational institutions. The European Parliament would have evolved into a directly elected lower chamber with full legislative powers in the Union and the Council of Ministers into an upper chamber, analogous to the Senate in the early years of the United States. National governments would function in ways similar to U.S. state or Canadian provincial governments, exercising the primary role in such areas as education, welfare, and criminal justice, but leaving macroeconomic affairs, foreign and defense policy, and certain other matters to the “federal” level. Decisionmaking on the federal budget, the use of force overseas, and other issues probably would be cumbersome and time-consuming, but perhaps not significantly more so than in the United States, which even today has difficulty in reaching national consensus on the same issues.
The EU will have been enlarged to include an additional 12 members. Its population is thus approximately 50 percent larger than that of the United States, its GDP some 40 percent larger. Europe in the Eurofederalist Success scenario would still confront problems such as unemployment and rising dependency ratios, but widening and deepening of the European enterprise on this scale presupposes—and in turn would make more feasible—energetic efforts on the part of governments, the EU’s central institutions, and the private sector to address many of these internal problems.

Failed Integration. At the other extreme, one could project a “failed Europe” that had not succeeded in carrying any of the integration trends discussed above very far, much less to their logical ends. It will have failed to achieve Economic and Monetary Union. This failure would be accompanied by a renationalization of economic policy and a partial unraveling of the Single European Market. Under Failed Integration, Europe would not have a strong CFSP. Europe’s military capabilities would be at a low level, owing to declining budgets and fragmented national efforts. Europe would have failed to reform its institutions to permit coherent and decisive policymaking. Decisionmaking processes would be blocked by the need for unanimity or superqualified majorities. Citizens would identify almost exclusively with their nation-state and little with Europe as a whole, in turn precluding compromise on the basis of appeal to broad European interests.

Europe most likely would not be able to forge the political consensus to tackle internal economic problems. Political deadlocks and fights over resources would preclude extensive enlargement to Central and Eastern Europe. A few countries might make it into the EU, but the Union would decline responsibility for the CEE region as a whole and for the Balkans. The EU thus would be faced with an unstable third region between itself and Russia, which would have enhanced opportunities to expand its role in the region. Western Europe might be more responsive to the United States on some issues than in some of the other scenarios, but Western Europe would be neither a strong rival nor a strong partner on global or regional issues.

German Alternative. An important variable in a “failed Europe” would be the policies and attitudes of key nation-states, especially of Germany. A Germany beset with a weak political leadership, high
unemployment, and general problems of competitiveness could drift along in such an order—relying upon American guarantees and Russian weakness for its security, concentrating on domestic economic and other problems, and pursuing friendly but essentially directionless policies toward other European states. Over time, trends in demography and economics would result in Germany’s eventual fading away as a major power.

Alternatively, Germany could pursue a dynamic policy, using the weaknesses of a “failed Europe” to pursue national goals and to multiply its own economic, demographic, political, and industrial weight in pursuit of domestic objectives or of economic or strategic competition with other powers and in the overall global economy. In the German Alternative to Failed Integration, Germany would organize a tight economic and political bloc in Central Europe with Germany at its core. Political management of such a bloc would be intergovernmental or even informal, but would depend upon Berlin having a strong voice in the policies of all of the countries on its periphery. Economically, the region would be tightly integrated through extensive transportation and communication linkages, and networks of investment and subcontracting in which German firms are the major players. Bolstered by its position in Central Europe, Germany would deal on an equal basis, either as a partner or a rival, with Russia, and would have extensive economic interests in Ukraine and other NIS.

Muddling Along. A final possible building block—the more likely the shorter the time horizon—would be characterized by continued temporizing and muddling along. The EU would not have moved decisively toward either federalism or renationalization, but would continue to operate with a complex mix of intergovernmental and supranational mechanisms. “Success” or “failure” in meeting Europe’s most ambitious agenda items—EMU, enlargement, creation of an effective CFSP entailing an autonomous defense capability—would be blurred either through temporizing (pushing some of these goals into the future with processes in place to give at least an impression of progress toward meeting them) or through subregional arrangements (shifting subgroups of countries that would work together in particular areas—for example, defense or monetary union—in accordance with the concepts of flexibility and variable geometry, without significantly strengthening the Union as such).
Germany would be a major player in the Muddling Along scenario, but bargaining among the major European states rather than decisive leadership from any quarter (Berlin or Brussels) would be the norm.

**Russia and the NIS.** For Russia and the NIS, depending upon how the various trends discussed above play out, four alternative orders also are possible: (1) Reconstituted Union, (2) Muddling Along, (3) Dynamic Russia, and (4) Sick Man of Eurasia.

**Reconstituted Union.** Reconstitution of the Soviet Union is improbable but is part of the program of a number of political groups in Russia. Reconstruction could come about only as a result of major upheavals in Ukraine and other European countries. A “Soviet” entity would probably have poor relations with the rest of Europe, as it would constitute a threat to Poland and other states on its western border. The existence of a prosperous Western Europe would exert a pull on Ukraine and elsewhere and would promote instability. Internally, such a union would almost certainly be authoritarian, although a totalitarian ideology such as Leninism would not need to be restored. Economically, such an entity could be stronger and more dynamic than was the Soviet Union, particularly if it were based upon a combination of free enterprise in agriculture, services, and small business and large, semi-private firms having close ties to the state. These industrial groups could participate in the international economy, reaping the benefits of controlled competition, technology transfer, and direct investment that were not available to the USSR.

A variant to this scenario is one in which Russia manages to recreate something like the Soviet Union under the umbrella of the CIS, but without the westernmost edges of the former Soviet Union—that is, those regions that are economically and culturally closest to Western and Central Europe. The leading candidates for exclusion would be the three Baltic states and Moldova, as well as western Ukraine. Depending upon circumstances in Russia and Ukraine, Ukraine could manage to stay independent of a reconstituted union while maintaining its present borders. Alternatively, Ukraine could split, with the east and the Crimea reabsorbed into a Russian sphere and the remainder of the country remaining independent and gravitating toward Poland and the rest of Europe. In yet another variant, Russia’s power could be reconstituted in a Slavic/Orthodox Union. In
this variant, language, ethnicity, and religion are the dominant factors. Russia manages to reconstitute a large part of the former Soviet Union into a new political entity, but along what might be called cultural or civilizational rather than economic lines. Belarus, Ukraine (or at least those parts of Ukraine that are Orthodox rather than Uniate), and those parts of Kazakhstan and Moldova that are populated by Russians are returned to the Russian fold, while the Central Asian and Transcaucasus countries drift away from Russia and toward Asian and Middle Eastern powers. Such a scenario would most likely occur in a world characterized by a “clash of civilizations” and in which Orthodoxy was regarded and came to regard itself as a separate civilization.

**Muddling Along.** Another possibility is that Russia will continue to muddle along, more or less as at present. Economic growth would be slow, but not slow enough to trigger upheaval among the population. Some Russian firms and industries would prosper and would carve out growing export markets and even international presences, but this prosperity would occur against a backdrop of extremely uneven overall economic performance. Crime and corruption would be rampant, but would operate in a symbiotic relationship with the legal economy and the political system. Power would devolve to the regions, but without threatening the actual breakup of the country. A number of autonomous regions, Chechnya and Tatarstan, for example, would exercise de facto independence.

Russia might expand its influence in some of the smaller countries of the CIS, notably Belarus and the Caucasus, but two strategically significant trends—consolidation of the independence of Ukraine and the gradual recession of Russian influence in Central Asia—would continue. The Russian military would remain weak, preoccupied with the problems of low budgets, poor living conditions, and sporadic conflicts within Russia itself or on its periphery. Nonetheless, by concentrating its resources in selected areas, the military would remain a viable fighting force, with some ability to threaten both the “near abroad” and the “far abroad.” Russia would have prickly but not fundamentally hostile relations with the United States and Western Europe, to which it would continue to look for economic assistance. Overall, Russia would resemble a large developing country before the takeoff stage, neither fully integrated
with the West nor hostile to it, and heavily preoccupied with its own internal problems.

**Dynamic Russia.** The essential feature of this outcome would be a Russian “economic miracle,” perhaps analogous to that which occurred in West Germany, Italy, and Japan in the 1950s and 1960s, or such as has occurred in the emerging markets of East Asia in recent years. With a stable political system, free markets, and abundant natural and human resources, Russia might begin an economic “takeoff” in the course of the next several years, and sustain 8-10 percent per annum GDP growth for a decade or more. A dynamic Russia might not have overtly hegemonic aspirations toward the countries on its periphery. Indeed, a focus on improved living standards, consumption, and investment by individuals and firms could direct attention away from international aspirations and could facilitate the normalization of Russia as a nation-state, much the way Japan, France, Turkey, and other countries redefined themselves in the period after empire. Nonetheless, a dynamic Russia inevitably would exercise a high degree of influence on its neighbors through trade and investment, particularly if some of these countries lagged Russia in economic performance.

**Sick Man of Eurasia.** This outcome represents the opposite of a Dynamic Russia and a sharp deterioration from Muddling Along. Economic and political reform would falter. Governments would be authoritarian but weak. Ethnic and regional secession movements would arise in various parts of the country, and the breakup of the Russian Federation would be threatened or could begin. There would be widespread social unrest and strikes, which in turn would worsen economic conditions. Corruption and crime would expand to epidemic proportions, threatening the very underpinnings of the economic and political systems. Environmental disasters and possible famine conditions in parts of the country would arise with growing frequency. Public health conditions would deteriorate, and there would be growing concern in Russia about a “national demographic disaster.” Russia would be a weak power on the international scene, with no ability to project power outside its borders and little influence in international economic and political forums. Countries such as Ukraine, Moldova, and Belarus would define themselves in opposition to Russia, and would gravitate more than ever toward the economic and political sphere of the European
Union. The same trend would be seen in Central Asia and the Transcaucasus, where China, Iran, Turkey, and even Pakistan and India would supplant Russian influence.

**The Alternatives**

The future strategic order in Europe will be shaped by how each of the key subregions discussed above develops, and how these subregions interact with each other and with the rest of the world. Depending upon these factors, six such alternative strategic worlds could result: (1) Modified Cold War Order; (2) Atlantic Partnership; (3) European Bipolarity; (4) West European Dominance; (5) Rivalry and Fragmentation; and (6) Pan-European Order. The likelihood of each of these alternative orders emerging, over what time periods, and the defense and security implications of these orders for the United States are discussed below.

The present strategic order, it is important to note, is an amalgam of Modified Cold War Order (hence the insistence of the Central and East European countries on joining NATO as a hedge against Russia) and Pan-European Order (hence NATO’s efforts to incorporate Russia into European security structures, even while enlarging against Russia’s wishes). This amalgam contains inherent contradictions, and it is likely that events will push the strategic order more decisively toward one or the other of these worlds.

**Modified Cold War Order.** The essential elements of the Modified Cold War Order are, as in the past, a (relatively) weak Western Europe dependent on the United States, and a (relatively) strong Russia that poses a threat to her western neighbors. In such an outcome, Western Europe will have failed to unite to become a self-sufficient power capable of defending itself and its interests, while Russia, alone or in concert with some of the successor states to the USSR, re-asserts itself as the strongest power on the continent—a state whose very size and capabilities constitute a threat-in-being to its western neighbors. In such an order, the United States presumably would retain or resume its role as a balance to Russian power in Europe.

**Atlantic Partnership.** This is a subvariant to the Modified Cold War Order. As in the latter, a militarily weak Western Europe faces a strong and potentially threatening grouping in the East dominated
by Russia, which again calls for an American balancing role on the
European continent, to deal with both the Russian threat and un-
stable conditions that are likely to persist in the Balkans and other
parts of Central and Eastern Europe if a weak EU fails to integrate or
otherwise fashion effective policies toward these regions. In the
Atlantic Partnership order, however, the U.S. presence in Western
Europe is based on an explicit bargain that takes account of U.S.
commitments outside Europe and engages the West European allies
in helping to meet these commitments in exchange for continued
U.S. commitment to the defense of Europe and to peacekeeping and
other missions in Europe.

European Bipolarity. In an alternative to Modified Cold War, Rus-
sia/CIS and Western Europe pursue separate and reasonably suc-
cessful processes of political and economic integration (and develop
the accompanying military forces and structures) to establish a
rough bipolar balance on the continent. In such an order, the United
States might retain a modest or token military presence on the conti-
nent, or it could find itself excluded or self-excluded from European
affairs for a variety of reasons. The closest historical analogue to
such an order would be the 1930s and selected periods in the 19th
century, when Russia was one of the strongest continental powers,
but was counterbalanced by one or more powers in Western Europe.

West European Dominance. This order would come about if
Western Europe managed to create an integrated, presumably
supranationally organized Europe, without a countervailing power
emerging in Russia and the eastern part of the continent. This order
would represent the reverse of the situation that occurred during the
Cold War, and would in effect be a (presumably) benign version of
the order that took shape in Europe in 1914–1917 and again in 1940–
1942. Its essence would be a dynamic European Union or a
continental bloc centered around Germany that would be much
stronger than Russia.

Rivalry and Fragmentation. Another possible order that could
emerge would be one in which Russia/CIS and Western Europe/EU
both remain more or less fragmented, and neither is able to fashion
itself into a coherent power center capable of providing order on the
continent or of playing a decisive role in global strategic affairs. Such
an order, which could be seen as an extrapolation of certain trends
Sources of Conflict

that are already evident in Europe, would be based upon and in turn could help to perpetuate the kinds of interstate national rivalries that characterized the European order before 1945. Such an order would represent a throwback to 19th century patterns, but with a crucial difference in context—namely, the globalization of international politics, the existence of non-European great powers, and the growing importance of inherently global issues such as immigration, environmental problems, terrorism, and others. Given these factors, intra-European rivalry might be peripheral to world politics rather than central, as was the case in the 19th century.

Pan-European Order. A final order would be a Pan-European one, analogous to the “Europe whole and free” proclaimed by President George Bush. Such an order would be based on a strong, integrated Western Europe, enlarged to include most of Central and Eastern Europe, having good relations with a democratic Russia that was driven chiefly by its own economic dynamism and that was not pursuing policies aimed at preserving or achieving Russian dominance in other countries of the FSU or in regions further afield. This order would come about as a result of a long process of marketization, democatization, and institution-building, the net result of which would be to relativize and negate virtually all dividing lines in Europe, including those between Russia and her neighbors.

Probabilities and Time Frames

As noted, the current strategic order in Europe can be characterized as approximating the Modified Cold War Order, albeit with a low level of threat and tendencies toward the Pan-European Order. Movement toward a different strategic order—or several such orders over successive time periods—is likely to occur as the post-Communist transition process is completed, and in response to the secular trends outlined earlier in this chapter.

Rivalry and Fragmentation is perhaps the least likely alternative, although it cannot be ruled out over the very long term—to 2025 and beyond. In the short to medium term, it is difficult to see Western Europe entering an economic and political crisis so acute as to lead to a complete unraveling of the integration process started in the 1950s.
Sources of Conflict in Europe and the Former Soviet Union

The Pan-European Order is perhaps somewhat more likely to be realized, albeit in the very long run. Certainly much political rhetoric and a number of new and traditional institutions—the Organization for Security and Cooperation in Europe (OSCE), the charter between Russia and an enlarged NATO—give concrete expression to the aspirations to such an order. In the short to medium term, however, effective realization of this order is unlikely because NATO and EU enlargement as well as objective conditions “on the ground” will widen rather than narrow the gulf between Russia (and Ukraine and the other NIS) and much of Central and Eastern Europe.

The most likely medium- and long-term outcomes for Europe are European Bipolarity, West European Dominance, or a continuation of Modified Cold War Order, with Atlantic Partnership a possible variant of the latter. In view of Western Europe’s economic preponderance and Russia’s deep-seated economic crisis, West European Dominance at first glance would seem to be the most likely outcome. However, Western Europe’s own rather halting progress toward unity, the difficulty it is likely to have in fully absorbing the Central and East European states and in implementing EMU, and above all its failure to sustain military spending and to make a real breakthrough toward a common defense and security policy all suggest that a bipolar relationship with a weakened Russia is the more likely outcome. To the extent that U.S. involvement is needed to counter a latent or actual Russian threat to Western Europe, this order could have similarities with the Modified Cold War Order; to the extent that parts of Central, Eastern, or Southeastern Europe remain an unstable gray zone not fully integrated in Western Europe although still free of Russian domination, this order will have elements of Rivalry and Fragmentation.

In addition, the longer the time horizon, the less meaningful it is to talk exclusively of a “European” order or strategic world. Economic globalization, the rise of China, proliferation of advanced weaponry to the Middle East, and the rise of transnational security problems associated with immigration, refugees, crime, drugs, and information warfare all suggest that over the very long term the specific contours of the European order may be less important for U.S. strategic planning than the way in which Europe relates to other parts of the world, notably Asia and the Middle East.
Defense and Security Implications

Each of these alternative strategic worlds has different implications for U.S. defense planning over the long term. These implications can be analyzed along eight dimensions: (1) nuclear deterrence and defense, (2) deterrence and defense against major conventional conflicts, (3) theater ballistic missile defense, (4) Europe as a base for military access to other regions of the world, (5) peacekeeping and related missions, (6) counterproliferation, (7) logistical and other support for allies in major contingencies in which the United States is not directly involved, and (8) the defense industry.

**Modified Cold War Order.** This alternative strategic world would place high demands on U.S. nuclear deterrence and defense. It is assumed that Russia does not ratify (or, alternatively, ratifies and then later abrogates) START II. U.S. nuclear force levels thus would be higher. Depending upon the nature of the conventional threat to U.S. allies in Europe, U.S. requirements for tactical and theater nuclear forces also could increase.

As in the original Cold War order, the Modified Cold War alternative strategic world would also generate a high demand for conventional deterrence of conventional attacks. Depending upon the process of NATO enlargement and the explicit or implicit security guarantees extended by the United States to other countries, this requirement could be in some respects more demanding than in the original Cold War, because forward defense of such countries as Poland, the Czech Republic, Hungary, Slovakia, and others such as Finland and the Baltics might be demanded. On the other hand, Germany would be united and presumably capable of a large military effort, whereas Poland and other CEE countries would bring substantial forces to an alliance collective defense effort. U.S. access to third areas from and through European bases in the Modified Cold War Order might remain roughly as at present.

The demand for U.S. contributions to humanitarian and rescue missions, peacekeeping tasks, and the use of crisis management—tasks identified by the WEU’s 1992 Petersberg Declaration—would be lower than at present. Deep Western involvement in missions in the FSU or in gray zones on the western periphery of a reconstituted Russian power would be less likely because of concerns about
provocations and accidental clashes. The return of a measure of Cold War bipolarity might also impose a degree of stability—perhaps artificial and unjust, but stability nonetheless—that might lessen the demands for external involvement.

**Atlantic Partnership.** This is a variant of the Modified Cold War Order, and the military requirements generated by both strategic worlds are broadly similar. Nuclear deterrence and defense requirements in this alternative world might be even more substantial than in Modified Cold War, as the United States would be under greater pressure and obligation to extend its nuclear umbrella—possibly to include defensive systems—to allies who would be committed to sharing risks with the United States in various global conflict settings. Atlantic Partnership would be the most demanding alternative strategic world for U.S. theater ballistic missile defense requirements, and most likely would be associated with something like a completed MEADS\(^{32}\) program. For the same reasons, U.S. requirements for counterproliferation capabilities in the Atlantic Partnership would be high, because the United States would have assumed responsibility to deal with potential WMD threats to Western Europe emanating from its southern and southeastern periphery.

U.S. access to third areas through Europe would be high. U.S. requirements to support European allies in Combined Joint Task Force (CJTF)–type operations most likely also would be high, although depending upon how close the Atlantic Partnership was, these requirements could decrease if the United States and its European allies were engaged jointly in virtually all combat operations, obviating any need for “separable” capabilities.

Atlantic Partnership might also be associated with a shift toward cooperation in the defense industry, with the United States and Western Europe sharing the market and jointly developing and procuring systems. Competition with the Russian defense industry would be less of a factor than in some other alternative worlds, if potential buyers in Asia, other parts of the developing world, and Central and Eastern Europe hesitated to buy weapons from a Russia tending back toward self-isolation and competition with the West.

\(^{32}\)Medium Extended Air Defense System.
**European Bipolarity.** The requirements of nuclear deterrence and defense drop substantially in European Bipolarity. Western Europe is presumed to be cohesive and strong enough to deter Russian (or other) attacks on its territory, thereby downgrading U.S. extended deterrence to a residual role. The United States might want to remain a player in European nuclear deterrence/defense through the Nuclear Planning Group and some deployments, so as to soften a potential West European-Russian nuclear arms race and to finesse the issue of a German role in a European nuclear deterrent. U.S. requirements in support of conventional deterrence/defense in Europe in major conflict scenarios would decline, although the United States probably would want to retain some ability to intervene in a conflict on the side of allies.

Access to third areas through European territory in European Bipolarity would be uncertain. A Western Europe fully capable of counterbalancing a strong Russia by definition would be cohesive and not beholden to the United States for protection, and thus would be more likely to weigh U.S. requests to use bases in Europe for third-area contingencies against European economic and political interests, which in some circumstances could clash with those of the United States. If European Bipolarity came about as a result of the German Alternative, the United States could come to agreement with Germany on basing and access issues, but the United States might also have additional latitude to work with countries closer to the periphery of the German core, for example, traditional allies such as the UK and Portugal. Under European Bipolarity, occasions might arise under which the United States might cooperate with Russia, Ukraine, or other NIS, rather than with traditional West European allies, on matters of access and third-area contingencies.

Requirements for peacekeeping and other contingency operations, counterproliferation efforts, and logistical and other support for allies all would be low in European Bipolarity. Western Europe on the one side and Russia/NIS on the other both would be strong enough to handle most if not all of these operations. European Bipolarity implies strong competition in the defense industry, with competitors coming both from the EU/Western Europe and Russia/NIS.

**West European Dominance.** This scenario further downgrades Europe as a determinant of U.S. strategic defense requirements. A weak
Russia and a strong but friendly Western Europe implies low or very low U.S. requirements for nuclear deterrence and defense, for conventional defense, and for assisting European powers with peacekeeping and other contingencies, counterproliferation, and CJTF-type actions. Access to third areas through Europe would be uncertain, and probably would have to be negotiated on a case-by-case basis with a cohesive EU/WEU pursuing a common Europe foreign and defense policy. Competition would be strong in the defense industry, although primarily from the EU rather than from Russia and the EU.

Rivalry and Fragmentation. This scenario would present a complex picture for planning U.S. defense requirements. Nuclear deterrence and defense most likely would require modest capabilities, because the European powers would be preoccupied with each other and unable to pool the resources needed to attain anything approaching the full panoply of strategic nuclear capabilities. On the other hand, rivalry and fragmentation in Europe could take place in a broader context and become part of a breakdown in international arms control and nonproliferation regimes, and could drive the United States to seek more-robust defensive capabilities. For the same reason, counterproliferation requirements for the United States also could be high in this alternative strategic world.

In a fragmented Europe, U.S. requirements for conventional defense/deterrence of a major conflict along the lines envisioned in Modified Cold War and Atlantic Partnership would not exist, but depending upon the level of U.S. interest in Europe, U.S. conventional forces could be engaged in other actual or potential conflict settings on a smaller scale (as is already the case in the Balkans). For the same reason, requirements for peacekeeping and other contingencies would be high. Both competition and cooperation in the defense industry would be low, because a fragmented Europe would not have the resources and organization to pursue leading-edge military technologies. A fragmented Europe probably would pose added problems for the proliferation of medium- and low-technology conventional weaponry, as well as for chemical and biological weapons (CBW) proliferation and possible diversion of nuclear materials to non-nuclear states seeking to acquire nuclear weapons.
**Pan-European Order.** The defense implications of a Pan-European Order would be highly favorable to the United States, which no longer would need to plan for intra-European conflict contingencies or deter against a possible revived Russian or nuclear threat to other parts of Europe. Peacekeeping requirements would be minimal. Stability would spread throughout Europe, and the major West European states, the EU, and Russia would be capable of handling such peacekeeping tasks that arose.

One potential long-term aspect of the emergence of a Pan-European Order that could have defense implications for the United States would be a growing U.S. and West European stake in bolstering a friendly Russia (and possibly Kazakhstan and other Central Asian states) against a resurgent China. This effort could entail military assistance by the West to Russia, and possibly even the extension of NATO or other security guarantees to Russia (and/or Kazakhstan) at some point in the future.

**RADICAL SHIFTS AND BREAKS**

We have dealt with projected trends that will shape the security environment in Europe in the 21st century. In some cases, alternative trends or possibilities have been considered, but in all cases these trends can be seen as extensions of patterns that are already apparent. This section shifts the focus to possible radical breaks or changes that cannot be extrapolated from current trends. These radical shifts either could in themselves give rise to conflicts in which the United States might be involved, or they could change the strategic context in which other potential conflicts would unfold and in which the United States might become involved.

**Collapse of NATO and/or the European Union**

As discussed earlier, Failed Integration and Muddling Along presuppose the continued existence of NATO and the EU, even though both organizations would have ceased to develop and would be weaker than in any of the other West European building blocks of the various alternative strategic worlds. A radical break from these extrapolations of even the most negative trends in European integration would be the breakup of one or both organizations.
Breakup of NATO might be precipitated by an escalating political dispute between the United States and Western Europe over a third area that political leaders were unable to control because of domestic political factors. Breakup of the EU would be an extra-constitutional process that could come about only in the context of severe external shocks—for example, economic depression or war with Russia—that might exacerbate strains among member-states to a breaking point. Either of these contingencies—breakup of NATO or of the EU—would result in a radically different European alternative strategic world (perhaps closest to Rivalry and Fragmentation) for U.S. planners, and would lead either to a U.S. withdrawal from European affairs or, more likely, to a search for new economic and security arrangements that might be based, at least initially, on bilateral arrangements with key European states.

**Economic Depression**

Our analysis of regional trends suggested that economic growth in Western Europe was likely to average just over 2 percent in the next 10 to 15 years, in line with most government and private-sector forecasts. A radical shift from this trend would be a sharp downturn in economic activity, characterized by falling output and prices, as seen in the Great Depression. This downturn would exacerbate social tensions and possibly lead to the growth of political parties on the extreme left or the extreme right. This downturn also would undermine European integration and transatlantic cooperation, and possibly deepen the divide between Western Europe and the rest of the continent.

**Breakup of Russia**

The analysis of regional trends discussed fissiparous and disintegrative tendencies in Russia that are likely to weaken Russia as an international actor and possibly lead to clashes with neighboring states, although a complete breakdown of central authority in Russia is ruled unlikely. A breakup of Russia into several competing states, possibly led by warlords with conventional and even nuclear forces, would go far beyond this paradigm. A breakup would result in an alternative strategic world of West European dominance by default, but a breakup would also confront other countries with an unstable,
chaotic region, parts of which might be allied with or become clients of outside powers such as Iran, China, or Japan.

**War Between Russia and China**

Regional trends point to the growing importance of China as a global economic power—and the strategic implications for Russia of the geopolitical rise of its eastern neighbor. War between Russia and China would burst the parameters of the alternative strategic worlds outlined above (based on existing regional trends), raising the prospect of an entirely different strategic world coming into being, perhaps built along civilizational lines with Russia allied with the West against China. The position of Japan in such a world would be crucial.

**“Clash of Civilizations” Across the Mediterranean**

Previous sections have alluded to growing instability in the Mediterranean and to cooperative and competitive efforts by the European states to buffer themselves against threats emanating from the south. Western policy—and the analysis of future alternative strategic worlds on which policy is implicitly or explicitly based—is premised on the assumption that while cultural and religious differences matter, there is not a strategically determinative clash of civilizations between (mainly) Christian Europe and the (mainly) Islamic North Africa and the Middle East. A radical break with this assumption would be a clash of civilizations across the Mediterranean, in some ways analogous to the conflict that raged in medieval and early modern Europe. Such a clash would create a radically new alternative strategic world—one that would have to come about as a result of a rapid radicalization of the Middle East, most likely coupled with the appearance of a new leader or possibly even a hegemonic Middle Eastern power capable of organizing the region against Europe and its interests.

**Environmental Catastrophe**

As was discussed above, environmental experts in Europe see continued deterioration in some areas and progress in others, with long
lead times enabling governments and the private sector to adjust to environmental changes. This assessment could turn out to be incorrect if there are environmental effects that are not yet fully understood or predicted, or through a statistically improbable but nonetheless possible concatenation of environmental shocks (e.g., major accidents in several nuclear plants). Major environmental disasters could lead to new conflicts between states, place new demands on the military, or otherwise radically change the economic and social context for defense planning.

**Rise of a New Ideology**

Conflict in 20th-century Europe has been closely associated with clashes of rival ideologies: Communism, Fascism, Nazism, and, in World War I, theories of imperialism and of the nation that were at least in part ideological. Projections of future political conditions and of possible conflicts in 21st century Europe (including those offered in this chapter) generally assume that ideology as a driver of major conflict in Europe has run its course. They are thus in tacit agreement with the central arguments of Francis Fukuyama in his *The End of History and the Last Man*—namely, that the ideological age has ended and that while history—including wars and other conflicts—will go on, all-embracing theories of history such as Marxism and Nazism have given way to acceptance of the principles of liberal democracy or to various forms of traditional authoritarianism that by their nature are limited to a particular national or regional setting. A radical break with this set of assumptions would be the rise of a new ideology capable of organizing states or nonstate actors for conflict on a large scale. The candidate most often advanced for such an ideology is religion (usually radical Islam), but others might arise as well. Past history suggests that when such an ideology does come into being, it often appears quite suddenly. While unlikely, the appearance of such an ideology could negate assumptions concerning the alternative strategic worlds discussed in this report by creating new cleavages and new sources of conflict, or indeed (depending upon the content of the ideology) calling into

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question the state itself as the fundamental organizing principle of international politics.

**REGIONAL CONCLUSIONS AND IMPLICATIONS FOR THE U.S. AIR FORCE**

Relative to earlier periods in U.S. history, including during the Cold War, Europe in the coming decades is likely to be less prominent than other regions in driving U.S. defense and aerospace requirements. Nonetheless, it will remain an important area for U.S. interests, and permanent and temporary deployments of U.S. forces to the region almost certainly will be required to defend those interests.

Western Europe has the potential to transform itself into a major political and military power. If it does so, it will change the strategic environment in ways that could lessen U.S. defense burdens but also introduce certain complications in U.S. defense and foreign policy planning. However, even if Western Europe fails to achieve unity, it will remain relatively secure against internal threats or external upheaval. A possible exception is the threat of nuclear or other WMD from outside the region, including Russia and the Middle East.

Russia is going through a long and difficult transition process. It has the potential, particularly toward the end of the relevant time frame (2015–2025), to become a major military threat to Western Europe, especially if the Russian economy takes off and/or Russia manages to reestablish de facto or de jure hegemony over parts of the former Soviet Union. It is less likely to resume its role as a peer competitor to the United States. Indeed, Russia is unlikely ever to exercise the kind of global and European role that it did for 45 years after World War II, especially given German reunification, the loss of influence in Eastern Europe, and the rise of China on its eastern flank.

Large parts of Central and Eastern Europe will be integrated into Western Europe and are likely to share in its stability and prosperity. However, even under the most optimistic assumptions, Western Europe will need decades to integrate and fully stabilize all 15 of the ex-Communist countries that lie between it and the FSU. Thus, even leaving aside the non-Russian NIS—Ukraine, Belarus, and Moldova—there is likely to be a large and potentially unstable “gray area” between Western Europe and Russia.
Although Europe is less unstable and, it could be argued, less complex than Asia (i.e., riven by fewer and less deep “civilizational” cleavages, structured by stronger and more mature international institutions), the range of alternative strategic worlds that in principle could emerge by 2025 is still remarkably open, and thus argues for flexibility and constant review of the strategic situation on the part of U.S. planners. Alternatives range from a highly peaceful and integrated Pan-European Order to Rivalry and Fragmentation reminiscent of the 19th century.

Europe most likely will have a tendency to develop into two opposing groups, one formed by the European Union in the west and center of the continent, the other consisting of Russia and possibly other countries re-integrated into a Russian sphere of influence. But there are major questions surrounding how strong and cohesive these groups are likely to be, and how they will orient themselves toward third powers, including the United States. The possibility of Russia and the United States gravitating toward each other over Asian and Middle Eastern issues while the U.S.-West European alliance lessens in importance cannot be excluded.

There is unlikely to be a West European superpower comparable to the United States today or the USSR in its prime, but the EU is becoming a more cohesive political and economic force, and is striving to develop its defense component. Russia is making progress in re-integrating former Soviet republics into a Commonwealth of Independent States, but there are limits to how far this process is likely to go. Ukraine is managing to consolidate its independence, and Russia appears certain to gradually lose influence in Central Asia. Turkey and Ukraine could emerge as potentially destabilizing elements in a Europe that might otherwise be characterized by stable bipolarity.

The Balkans are characterized by near-term instability, and fighting in the former Yugoslavia could resume in the next several years. Over the longer term, there is a danger that instability in the Balkan region could lead to alignments with rival outside powers with, for example, Bosnia and Albania aligning with Turkey and other Islamic powers; Croatia turning to Western Europe; and Serbia, Montenegro, Bulgaria, Romania, and perhaps even Greece looking to Russia.
In sum, Russia/CIS and Western Europe are both potential “peer competitors” of the United States, but this potential is unlikely to be realized. Western Europe probably will remain allied with the United States and to some extent dependent on it. Russian weakness is likely to persist until well into the next century. Russia is also vulnerable in Asia, and will face a rising and more assertive China. Vulnerability to the south is growing, but slowly; North Africa and the Middle East will not soon replace the Cold War Soviet threat. European states will be affected by nuclear proliferation in other parts of the world, but proliferation in Europe itself is unlikely (although not impossible).

Depending upon what alternative strategic world or worlds come to predominate in Europe, different potential conflict scenarios and requirements for military forces will emerge. Requirements for U.S. military engagement would be highest in the Modified Cold War Order and in Rivalry and Fragmentation, albeit of differing characters. Atlantic Partnership would involve working closely with Western Europe in out-of-area situations, and would enormously complicate U.S. defense planning, even as it ensured the availability of added resources for Persian Gulf and other contingencies.

Specific implications for the U.S. Air Force that would apply to all or most of the alternative strategic worlds include the following:

**Diminished peer competitor threats.** Although Russia is a potential peer competitor, its military forces have suffered a drastic decline, and it lacks the budgetary resources to revive the kind of extensive R&D and procurement efforts that the Soviet Union mounted during the Cold War. This decline means that the United States and its allies will enjoy a decisive technological superiority over potential adversaries in Europe for the foreseeable future, particularly with respect to air power. This situation could change after 2005–2010, however, and will bear constant watching by U.S. defense planners. Of particular interest will be the evolution of nuclear deterrence and the possible emergence of a system of multipolar nuclear deterrence with China, Russia, the United States, and perhaps other powers wielding major deterrent capabilities.

**Continued role of deterrence but in a more complex environment.** NATO expansion and the proliferation of situations in which the
United States may have interests without formal commitments (e.g., Bosnia), combined with continued low-level threats and instability, mean that U.S. forces will be needed for their conventional deterrent role. Such forces can be either permanently stationed in Europe or rapidly deployed from the United States. Unlike the Cold War, where there was a well-defined dividing line with a huge network of bases and infrastructure on both sides of the line, the future situation will be more fluid and will call for greater flexibility on the part of U.S. forces. There may be cases in which U.S. forces could be asked to help deter attacks on countries (e.g., Bulgaria) in which the United States and NATO do not have bases or infrastructure.

Importance of cooperation with allies. With the end of the Cold War, U.S. forces in Europe as a share of total forces on the continent have declined. New partners and potential allies (e.g., Poland, the Czech Republic, and even Russia for some purposes) have emerged, while U.S. domestic political requirements place greater emphasis on burden-sharing with allies. Future military operations and planning thus will be heavily influenced by the need to cooperate with allies. These allies, moreover, will be more assertive in pressing for enhanced influence in NATO, even though their actual military capabilities may still be modest for many purposes.

Challenges in the “gray area.” Although Europe will tend toward a stable West Europe-Russia bipolarity, for a very long time there will be an unstable “gray area” between the two regions that will be riddled with ethnic and other sources of conflict. This instability will require maintaining U.S. capabilities for peacekeeping and other limited military operations.

Possible counterproliferation roles. As threats from the south emerge, the United States may be increasingly called upon by its allies and by its own defense requirements to develop counterproliferation capabilities and options. Theater missile defense could also be a growing requirement, given the proliferation of missile capabilities in much of the unstable environment to the south and southeast of Europe.