

**PUBLIC GOALS AND PRIVATE STRATEGIES IN THE TRANSATLANTIC
ECONOMIC PARTNERSHIP**

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Introduction

During the 1990s, there have been consistent and many would argue cumulative efforts to identify and to institutionalise the key components of a Transatlantic Economic Partnership. The Transatlantic Declaration of 1990, followed by the New Transatlantic Agenda and Action Plan of 1995, and in turn by the proposals for a New Transatlantic Marketplace Agreement and the Transatlantic Economic Partnership declarations of 1998, have all contributed to the feeling not only that there is an identifiable partnership but that it can be consolidated and clarified by formal acts of co-operation (for texts see: EPC Secretariat 1990, Agence Europe 1996, Agence Europe 1998, CEC 1998). Frequently, these acts of co-operation refer not only to the mechanisms of Atlantic partnership *per se* but also to the layers of institutions in the global political economy to which both the United States and the European Union are connected and in which they interact. Thus, the World Trade Organisation and increasingly international financial institutions not only shape these interactions but also constitute another arena for the EU-US partnership (Smith 1998). At the same time, actions pursued by the US-EU partnership often serve as a “proving ground” for later WTO actions (Cowles 1999a).

Alongside what might be termed the ‘governmental’ or ‘public’ diplomacy of successive declarations, statements or agreements, there has emerged an equally sustained, and some might argue more significant, effort to bring together private networks operating in the transatlantic arena. Often, this has been seeded by governmental actions or indications of preference; equally often, however, it has been generated by the expansive logic of operations within and across industrial sectors, reflecting patterns of interaction into which governing authorities may or may not be welcomed, and aimed at forms of agreement to which public authorities may only tangentially be connected (Cowles 1995, 1999). The most formal of these patterns of interaction are those reflected in the Transatlantic Business Dialogue, but almost everywhere that agreements are negotiated, regulatory policy developed and welfare issues at stake there are to be found the voice and the strategic preferences of private organisations and networks.

There is thus in the Transatlantic Economic Partnership an opportunity to observe at close quarters the interaction of the ‘public’ and the ‘private’, in the evolution of a space for multinational economic management. On the one hand, the ‘governmental’ authorities of the EU and the US are engaged in forms of strategic interaction, ‘competitive co-operation’ (Smith and Woolcock 1993) and institution-building, using the language and the practices of commercial diplomacy, and extending this into new areas of regulatory and ‘behind the border’ issues. On the other hand, the ‘private’ interests and actions of a wide variety of socio-economic actors exist alongside and often participate in the attempts to construct forms of inter-governmental agreement. Indeed, it is clear that these are not two separate worlds. Whilst at the margin it is possible to delineate two archetypes of transatlantic political-economic interaction – the ‘public’ and the ‘private’ – it is impossible in many issues to disentangle them. This is a matter of considerable policy significance, since the easy or uneasy co-existence of the public and

the private is at one and the same time a great strength and a source of major complexities. Both the strength and the complexity are likely to be compounded by the impact of Economic and Monetary Union, by the impending enlargement of the EU, and by the intermeshed tendencies towards regionalisation and globalisation to which both the EU and the US are subject.

The aim of this paper is to identify the growing intersection of public goals and private strategies in transatlantic economic relations in the 1990s. In particular, the paper seeks to establish some of the key dimensions in the interaction between public goals as enunciated by authorities in the EU and the US and private strategies as pursued by business groups – arguably the most engaged socio-economic actor in the transatlantic relationship. The paper identifies the roots of this novel public/private interaction, the factors that led to its development, the various public/private strands that were woven together in the 1990s, as well as the significance of this public/private interaction for the transatlantic partnership. It builds on research carried out by both of the authors individually, on the one hand through analysis of public strategies in the EU-US relationship (Smith) and on the other hand through studies of the Transatlantic Business Dialogue (Cowles). The end product is we hope not simply a ‘shotgun wedding’ of the two approaches, but rather a dialogue between them in the course of which we can begin to discern the outlines of a more encompassing conceptual framework.

The paper proceeds in four main stages. First, we undertake a broad historical survey of the terrain of ‘public and private’ in EU-US relations. Second, we identify some of the systemic and policy questions that have prompted the novel business government relationship. Third, through a case study analysis, we examine the separate ‘public diplomacy’ and “private strategies” that gradually became intertwined in creating the transatlantic economic frameworks in the 1990s. Finally, we examine the significance of this growing public/private interaction and briefly delineate a spectrum of public/private relations that one finds in the EU-US partnership. In doing so, we hope to provide a framework for future research identifying the dynamics behind this novel public/private interaction in transatlantic economic management.

Public and Private in EU-US Relations: A Brief History

Throughout the history of relations between the European Integration project and the United States, there have been strong elements of public and private interaction (Sbragia 1999). The Marshall Plan, after all, depended at one level on the formation of US government strategy and the preferences of European governments, whilst at another level it implied that at least some of these goals could be served by the provision of private goods, whether these be in the form of investment or consumption (Hogan 1987; Hoffmann and Maier 1984). The formation of the European Coal and Steel Community evoked responses in the United States, from a government dedicated to Cold War stances to the steel barons of Pennsylvania and elsewhere who feared a carve-up at the hands of a publicly-sponsored cartel.

From these early manifestations of the interaction between public and private, we can see that the predominant axis of interaction was that between public authorities, which represented the interests of private actors. Private actors’ strategies were certainly

not absent, but where they intersected with public goals they were overwhelmingly dedicated to influencing public authorities at the national level, or (in the evolving EEC) at the regional level. Indeed, transatlantic relations in the early years were largely composed of a “public sphere” of government strategic interaction and a “private sphere” of market activity that developed rather separately (Sbragia 1999; Cowles 1999a and b). The arrival of American firms on European soil in the wake of the European Economic Community as well as the growing presence of European companies in the United States were indicative of this private activity.

The European backlash in the 1970s against the purported influence of the US companies in the European economy -- Servan-Schreiber’s “Le Défi Américain” (1967) – began to change this public/private dichotomy. The Commission’s 1973 legislation on multinational enterprises was aimed at curbing the market power of large companies, notably American corporations in Europe. American firms, who were previously preoccupied with acquiring market share, now turned their attention to political strategies in Brussels. Thus, the companies were ready in 1980 when the Commission proposed the Vredeling proposal – a measure designed to give employees rights to information and consultation concerning their firms’ plans for investment, divestment, etc., even if these actions were to occur outside the Europe (i.e. in the United States). The Vredeling proposal marked the first time that both American public authorities (including Congress) and private actors launched a major transatlantic initiative to change the Commission legislation (Cowles 1996).

Another catalyst of change involving the public and the private was the Single Market Programme (SMP), which during the 1980s and early 1990s gave evidence of an increasingly rich spectrum of public-private linkages in the EU-US partnership. At one end of the spectrum, the security imperatives of the Cold War and after conditioned the reactions of the US federal government, whilst the perception of strategic trade advantage in the context of ‘late Reaganism’ undoubtedly informed the position of EU leaders (Treverton 1992, Peterson 1996, Featherstone and Ginsberg 1996). At the other end, the interpenetration of business and industry both in and between the EU and the US created an apparently entirely different set of perceptions of competition and comparative advantage, characterised by the search for corporate benefits and organisational efficiencies. That the Single Market Program took shape in the context of an increasingly global world political economy further shifted the basis for calculations in all quarters of the relationship by raising the possibility of penetration or competition from outside the Atlantic area and by creating incentives for new forms of alliances.

The Single Market program was also important in that large European companies mobilized in Brussels to promote the creation and continuation of the 1992 project directly with Commission and national authorities (Cowles 1995). As discussed below, these same firms would play an important role in the Transatlantic Business Dialogue in the 1990s. Both at the macro-level of governmental framework-setting, and at the micro-level of pressure group politics, there was evidence of an increasingly intense and mixed relationship between European authorities and private actors (Greenwood et al. 1992, Calingaert 1996, Cowles 1997b, Coen 1997, Smith and Woolcock 1993, Hocking and Smith 1997). Concurrently, American companies – alone or with the assistance of the US government -- also became intricately involved in lobbying for various elements in the Single Market program (Cowles 1996).

Thus, it is clear that the “public/private” mix has changed significantly since the early years of the European Union. The times when private pressures were either essentially weak or directed primarily towards national or regional ‘sponsors’ in the shape of responsible public authorities appeared to have ended. As we will discuss below, the mix changed again in the 1990s in the development of the promotion of a transatlantic partnership.

System Implications and Policy Challenges: Creating conditions for the Public/Private Dimension

Having provided a brief historical overview of the public/private mix in EU-US relations, we now turn to understanding why these changes took place. What accounts for the growing intersection of public goals and private strategies in EU-US relations? What accounts for this development in EU-US relations – as opposed to other relationships carried out by each partner?

To understand the growing public/private mix, we have developed two sets of factors that we call systemic implications and policy changes. We use these terms to distinguish between, on the one hand, the level of the broad EU-US relationship and, on the other hand, the ways in which this relationship generates policy challenges and opportunities. It is these factors, we argue, that have created the conditions for the mixing of public strategies and private goals in the transatlantic partnership of the 1990s.

Systemic Implications

The relationships between the EU and the US are historically rich, complex, and multilayered. Despite frequent protestations of partnership, and despite a broad awareness of shared concerns in a number of areas, frictions and fluctuations continue. Much of this systemic complexity and ambiguity can be accounted for by reference to four elements in the changing relationship: the economics of interdependence and interpenetration, the existence of competing industrial cultures, the growth of a transatlantic ‘political business cycle’, and the historical linkages between the political-economic domain and the security arena.

First, as already indicated in our historical overview, *the economics of interdependence and interpenetration* are central to the EU-US relationship. The statistics on foreign direct investment, for example, are striking: by the early 1990s, the total volume of two-way FDI between the EU and US totaled more than \$400 billion (Peterson and Cowles 1998). Moreover, the EU and US are the largest investors in each other’s markets. The distinctive levels of FDI, of trade and of communications between the EU and the US lead to what might be termed, after Robert Reich, the ‘who is us?’ problem (Reich 1991), or after Susan Strange the ‘who are EU?’ problem (Strange 1998). Moreover, they have implications for the ability or the need to generate public goals and policies. After all, the ‘who is us?’ or ‘who are EU?’ questions imply another: ‘who is them?’, which complicates the process of ‘target selection’ on which many areas of public policy depend. Rather than clearcut targets and threats, much of the context in the

EU-US system encourages a reliance on continuous negotiation and working group politics, in which it might be argued that 'us is them'. Moreover, instead of concentrating on tariff reductions, EU-US negotiations often focus on "behind-the-border" issues (Peterson and Cowles 1998). This does not rule out the search for strategic advantage, as we shall see, but it certainly complicates the process and the potential outcomes.

Second, while interdependence may promote more cooperative negotiating sessions, *the existence of competing industrial cultures* – or what might be termed *the problems of 'system friction'* complicate the transatlantic partnership. There was much discussion in the early 1990s about the existence (and co-existence) of distinct industrial cultures, for example in the contrast between 'Rhineland capitalism' and 'Anglo-Saxon capitalism' (Albert, 1992). The problem here is that while the EU-US system might generate a desire to identify difference of this kind, it is at odds with the reality of interdependence and interpenetration. It is open to question how far national or regional public authorities should attempt to capture the aggregate of the industrial practices of their corporations; it is even more certainly open to question how far they can do so (Audretsch 1989, Hocking and Smith 1997: chapter 1; Smith 1993).

A related factor inherent in "system friction" is that of the cultural differences. Cultural norms – often promoted by non-producer groups such as environmental, consumer, and labor groups – are embodied in different constitutional requirements and negotiating procedures in the EU and US. Thus, while US negotiators tend to favor producer interests, EU authorities have a "constitutional mandate" enshrined in treaty documents ... in which certain environmental, social, and cultural issues are incorporated in EU law" (Cowles 1997a: 11). Cultural differences can also complicate the defining of basic underlying concepts in EU-US trade negotiations. For example, the primary objective of US anti-trust law is consumer welfare, whereas the purpose of the EU law is not only to promote consumer welfare, "but also to achieve further integration of the common market" (Cowles 1997a: 12-13). Thus, like industrial practices, it is difficult for public authorities to develop aggregate agreements.

Third, *the growth of a transatlantic 'political business cycle'* is another important systemic implication. The EU and the US constitute a set of co-existing political practices and institutions, of which a major characteristic is their multi-level nature. It could be argued that this translates into a EU-US 'political business cycle' of formidable complexity (Peterson 1996: chapter 4; Smith and Woolcock 1993: chapter 2), since the interactions of the EU and the US in terms of economic transactions are inexorably conditioned by the shifting fortunes of a host of political forces. Private actors are not unaware of these forces, and of the opportunities they provide for linkage and leverage. On the one side, the EU seems at times to be engaged in continuous processes of election or selection, both in relation to authorities in Member States and in relation to the institutions of the Union. On the other side, the USA is notoriously subject to the political-economic cycles produced by a federal system (although it is from time to time suggested that Alan Greenspan has transcended these constraints!). Most recently, the convergence of results in a number of EU national elections has created a new social-democratic ascendancy, at the same time as the Americans move inexorably into the next presidential campaign (McGuire 1998).

Fourth, *the historical linkages in the EU-US system between the political-economic domain and the security arena* have become ever closer in the 1990s.

Moreover, they promise to become closer still, for example through the consolidation of defence industries on both sides of the Atlantic ('Platform Envy' 1998). There is nothing new in this as an organizing parameter. What is new in the 1990s is the removal of the 'security blanket' of the Cold War, and the consequent uncertainties of role, commitment and resources. These in turn have conditioned not only the responses of the EU and the US to acute crises, but also the capacities and willingness of the partners to lead in the realm of institution-building – be it economic or political -- for the post-Cold War order (Nye and Keohane 1993, Allen and Smith 1998). At the same time, there is a growing impatience among private actors, notably industrial actors, to subordinate their private strategies to largely undefined security issues.

Policy Demands

The systemic forces and features outlined above in turn produce a range of policy challenges facing both the EU and the US. In particular, they generate four sets of demands, which are strongly interconnected: cross-national policy development, cross-departmental policy development, multilevel policy development, and extra-national policy development. These demands face both 'public' and 'private' actors in the EU-US relationship, albeit unevenly.

The first *demand is for cross-national policy development*. Both the EU impact on the US and the US impact on the EU call for the development of policies that are cross-national in scope, reflecting an appreciation of the ways in which different national or regional contexts are linked, of the effects that can be transmitted between them and of the institutional resources that can be mobilized at the cross-national level to contain, shape or promote certain types of outcomes. For example, companies – who bear the brunt of regulatory costs – increasingly question the wisdom of uncoordinated policy development. These same firms, who often rely on global sourcing, protest the fact that regulatory policy is often made without regard to their mounting cost pressures and international competition. Moreover, given the fact that many EU-US encounters are within the context of bodies such as the WTO, the OECD and the global financial institutions, or in the context of inter-regional relations, the need for cross-national policy development is all the more necessary (Peterson 1996: Parts 2 and 3; Hocking and Smith 1997: chapter 8).

Second, and related is *a demand for cross-departmental policy development*. Public goals in the transatlantic economic relationship reflect the interests and the influences of a wide range of agencies within the governmental structures of both the US and the EU. Thus, the US Task Force on the SMP mustered well over 20 agencies, whilst the EU in dealing with issues such as the Helms-Burton Act has to bring together the interests not only of a wide range of departments within the Commission but also those of other EU institutions and of national agencies (Calingaert 1996: chapter 10; Hocking and Smith 1997: chapter 3; Helms-Burton refs). The impact both of complex technical requirements in the new commercial policy agenda and of politicization can make the formation of policy goals problematic and demanding. Private industry actors, who must interact with the myriad of departments, agencies, directorates-general, are keenly aware of the need to develop cross-department policies.

Third, *the demand for multilevel policy development* is increasingly apparent in the EU-US system that is only notionally one of relations between unified political-economic entities. As has been seen, this can affect the demand for cross-national and cross-departmental policy development. It also affects the context for policy development and implementation by creating a multilevel policy system. There is, in short, a problem of subsidiarity in the EU-US system, which means that the effects of policy goals adopted at the transatlantic level will be felt – and will lead to reactions – within or between subnational contexts, both governmental and non-governmental. Recent research has indicated that in the context of the SMP, an increasingly internationalized US economy with vigorous subnational governments has constructed new networks of governmental involvement in a wide range of issues, generating coalitions between state governments, firms and other bodies that depart markedly from the image of a national trade or competitiveness strategy (Hocking and Smith 1997; Woolcock forthcoming). In the EU, this kind of multilevel policy development is built into the foundations of the system, and if anything takes a more potent form given the residual national authority in many areas of the international economic agenda (Smith 1999b forthcoming).

Finally, *the demand for extra-national policy development* is a logical outgrowth of these systemic demands. The pressures of interdependence and interpenetration outlined earlier, for example, call for the development of policy goals and strategies pursued outside the home territories of both the EU and the US. To put it simply, a significant portion of US policy – both ‘public’ and ‘private’ is likely to be made in the EU, and vice versa (Cowles 1996, Hocking and Smith 1997: chapter 8). Policy networks within the transatlantic arena, quite apart from their public-private qualities, are likely to be relatively unconfined by the dictates of national sovereignties or authorities. This does not, though, mean that public goals expressed in terms of welfare within defined territories (for example, levels of unemployment) are irrelevant to the transatlantic economic partnership. Rather, it means that they should be analyzed in the context of the other features we have described, and recognized as contestable in an arena within which many public policy goals and choices are not formed in the obvious places.

While we have separated ‘systemic features’ and ‘policy challenges’, it is clear that these features and challenges are interrelated and overlapping. Thus, economic interconnectedness leads to a focus in both EU and US policies on ‘behind-the-border’ issues which are almost by definition cross-national, cross-departmental and demanding of policy development in a multi-level, technically-complex environment. Equally, the persistence of historically-grounded security concerns can play out in the nature of public goals and policy dialogue to create tensions or reinforcements between the interests of different departments of government, or between the policy preferences of public authorities and business interests. It is this co-existence and interconnection between systemic features and policy demands that poses some of the most interesting challenges to public goals and private strategies in an EU-US context.

Government-Business Policy Development

In the end, these systemic implications and policy demands also create the conditions for greater *government-business policy development*. Both in the EU and in

the US, the past decade has seen active attempts to bring together government and business in the definition of public goals and strategies. One conception of this development both in the US and the EU is as forms of what Cerny has termed the 'competition state', in which the assets of governmental authority over market access, infrastructural development and investment incentives are used to capture benefits at the aggregate national level and at the level of major industries (Cerny 1997, Laffan, O'Donnell and Smith 1999 forthcoming: chapter 4). Ultimately, it might be argued, the 'proxy war' conducted in international trade negotiations or the operation of the multilateral economic institutions can only be conducted by public (i.e. governmental) authorities.

In reality, of course, the demand for government-business policy development cannot be satisfied purely through governmental strategies: the situation is one of multi-faceted public-private partnerships of which the terms are continually in flux and which are likely to vary from issue to issue (Lowi 1964, Audretsch 1989). The more the demand for policy is at the level of everyday interactions, the less salient will the framework-setting and institution-building assets of governmental authorities (Strange 1995, Cowles 1995). As discussed in the next section, this demand for government-business policy development came to a fore in the transatlantic relationship in the 1990s.

Building the EU-US Partnership in the 1990s: A Case Study in Public Goals and Private Strategies

The 'public diplomacy' of EU-US relations in the 1990s is notable for the series of transatlantic initiatives -- from the Transatlantic Declaration to the Transatlantic Economic Partnership. The decade has also been notable for the creation of the Transatlantic Business Dialogue in which private business actors engaged in what some have called "industrial diplomacy." With this case study, we attempt to trace the "public goals" that existed at the beginning of the 1990s, and to highlight how they were gradually intertwined with the private strategies of large companies. We argue that the end of the decade produced a new form of public/private partnership that dominated the transatlantic economic relations.

1989-1990: In the Beginning, The Transatlantic Declaration

The Transatlantic Declaration (TAD) signed by the EU and the US on 23rd November 1990 can be viewed in two distinct but interconnected perspectives. On the one hand, it was a direct response to the imperatives of the emerging post-Cold War era, stimulated initially by the Bush Administration's pronouncements on ways in which the transatlantic relationship might be re-formed to meet the needs of a more complicated world (Baker 1989, Murray 1992). Indeed, the process leading to the TAD was deeply influenced by the prevailing geopolitical and geo-economic climate. The US administration began to view the Community as both of potential stabiliser of the 'new Europe' and a partner in the management of the world political economy (Schwok 1991: 164). This was in turn only a part of the broader 'reconstruction' of US interests in

Europe and of new strategies directed towards the use of international institutions (Nye and Keohane 1993: 116 et seq).

On the other hand, the TAD can be seen as the encapsulation of a US recognition that the EU of the Single Market Programme was a more sturdy 'adversarial partner' in the world political economy, and of the need to 'contain' the economic energies of the newly-confident Community (Hocking and Smith. 1997: chapter 3). Seen from this viewpoint, the growth of new policy and issue areas, the increased difficulties of achieving policy consistency, and the problems of burden sharing in a transformed and institution-rich environment, created strong preferences on both sides of the Atlantic for the creation of new policy frameworks (Smith and Woolcock 1993: chapter 1).

As documents go, the Transatlantic Declaration was rather unremarkable. The process by which the new arrangements were negotiated was conducted at a more "conceptual" as opposed to "detail" level. Moreover, societal actors and strategies were largely non-existent. There was a deliberate attempt not to impinge on the established negotiations relating to Single Market issues, and to avoid commitments that were specific as to outcomes. In this process, the EU member states retained a central role, and the interests of actors such as the French government meant that any suggestion of a treaty relationship must be eschewed; not only this, but the US administration apparently suffered from a 'conceptual difficulty' in dealing with the Commission rather than national capitals (Peterson 1996: 46 et seq). The TAD that emerged, as Stephen Woolcock has noted, was essentially a codification of established co-operation mechanisms, and a statement of principles which was as much about atmosphere and the facilitation of other more specific contacts as it was about policy substance. Indeed, the attempt to introduce more specific undertaking on the Uruguay Round and other areas was nearly fatal (Woolcock 1996: 172). Perhaps the most important discussions were those relating to 'early warning' mechanisms for trade disputes, and to the improvement of communication between officials and experts on both sides of the Atlantic. This being so, the impact of the TAD in terms of specific undertakings, initiatives and agreements was minimal: indeed, the EU-US agreement on competition policy (1993) and other modest agreements on regulatory co-operation, educational exchange and humanitarian assistance, are almost the only specifically TAD-related outputs that can be discerned. Alongside this, the established but now enhanced interactions around European Political Co-operation produced a further range of common positions (Frellesen and Ginsberg, 1994), but on the really vexing security issues such as policy for the former Yugoslavia there was a good deal of friction.

Despite these limitations, the TAD in itself created further momentum towards more elaborate institutional arrangements, if only because of the habit of co-operation between officials and working groups on the transatlantic level. Whilst it was prevented by a variety of powerful factors from developing towards the ambitious treaty relationship desired by some policy-makers, it also provided a model in EU diplomacy for parallel declarations dealing with Canada and Japan. Neither the US nor the EU and its members saw the TAD as an all-encompassing set of rules, and neither saw it as reducing their essential freedom of manoeuvre at the bilateral (or unilateral) level. During 1994 and early 1995, the increasing range of networks and interactions centred on the TAD began to be reinforced by further pressures, which led towards more ambitious plans in the trade and commercial sphere, but which were not without political rationale.

The early experience of EU-US relations in the first Clinton Administration was not entirely encouraging, since it appeared that the domestic economic agenda was driving policy in Washington, whilst in the EU the obsession with internal arrangements and the implications of German unification was a barrier (Peterson 1996: 50). On the other hand, there was evidence of 'learning to co-operate' on both sides, as forms of pragmatic co-operation and 'learning by doing' took hold (Smith and Woolcock 1994, Frellesen and Ginsberg 1994).

1994-1995: From the Transatlantic Free Trade Area to the New Transatlantic Agenda

By early 1995, there were, therefore, incentives for both the US and the EU to think again about the nature and scale of EU-US framework agreements. The widespread perception that the relationship was one of 'competitive interdependence' (Bergsten 1988) or 'competitive co-operation' [Smith and Woolcock 1994] was not restricted to Brussels and Washington. In fact, the initiative for a Transatlantic Free Trade Area was first made in Canada, by the Prime Minister Jean Chretien (Woolcock 1996: 172-73). Importantly, this initiative was cast against the background of worries about the impact of the Transatlantic Free Trade Agreement (TAFTA) and the desire to retain freedom of manoeuvre in the world political economy. The call for a TAFTA was taken up in May 1995 by the German Foreign Minister, Klaus Kinkel, whose motivations were widely discerned to be not merely economic. The EU-US relationship was generally turbulent at the time, especially because of the crisis in Bosnia, but also because of differences over NATO enlargement and persistent frictions in the aftermath of the Uruguay Round with the onset of a number of important sectoral trade disputes. In addition, both the EU and the US were concerned with the challenge of Japan and emerging economies in the Pacific Rim, and it might be argued that TAFTA was a means of keeping these in their place.

It is fair to say that the TAFTA proposal was met with distinct coolness in Washington, and with some considerable doubts in a number of EU member states. Although there were voices of support from the Commission and from the British Government, and there was support from such as Newt Gingrich in the US Congress, it was evident that the Clinton Administration was not in the market for a really 'big idea'. (Indeed, one of the motivations for the Kinkel proposal had been the desire to counter introspection and isolationism in the US.) Moreover, there was no strong support from US industry who saw the TAFTA as a largely political as opposed to economic initiative, and who were still suffering from "Uruguay Round fatigue."

As a result, during the spring and summer of 1995 there was a progressive slimming down of the proposals, alongside continuing protestations of support. The Commission produced a Communication in July, which was self-consciously dedicated to a relatively cautious 'building block' approach to increased transatlantic co-operation (CEC 1995); it stressed the need to view EU-US relations within the multilateral context of the WTO, and to identify concrete areas for joint action. It was paralleled to a degree by a speech from the US Secretary of State, Warren Christopher, also in July, which took a much broader view of the issues (Christopher 1995). It placed the TAFTA idea within the framework of existing EU-US co-operation, and stressed the need to ensure the

compatibility of any EU-US arrangements with the WTO. Whilst not rejecting any further intensification of co-operation, it clearly reflected the US Administration's concern with domestic issues, with the intensification of economic interactions around the Pacific Rim and with the explicitly security concerns of NATO enlargement.

Notwithstanding these disparities between the reactions of the EU and the US, the second half of 1995 did witness a growing momentum behind the need for some kind of new EU-US framework agreement. The EU-US summit in May 1995 had established the framework for this, with the convening of a Senior Level Group (SLG) of officials to review the areas for joint action. As this indicates, the SLG was tasked to identify targets and actions as much as processes, an orientation which reflected the preferences of the US (and the US Congress) for results in a wide range of international negotiations. This type of 'semi-public' diplomacy rapidly produced an elaborate action plan, eventually encompassing a statement of principles known as the New Transatlantic Agenda (NTA), and the Transatlantic Action Plan (TAP). The TAP itself included one hundred and fifty areas for joint action, in four key areas: 'promoting peace and stability, democracy and development around the world', 'responding to global challenges', 'contributing to the expansion of world trade and closer economic relations' and 'building bridges across the Atlantic' (Piening 1997: 108 et seq, Agence Europe 1996). A significant part of the program was linked to the 'private' process of the Transatlantic Business Dialogue, which itself had been initiated in 1995 (see below).

The NTA and the Action Plan constituted a major step forward for EU-US relations, at least in terms of presentation. It is open to question how many of the areas covered were new, and the extent to which the whole was effectively a re-packaging of the infrastructural developments that had occurred under the umbrella of the TAD. Importantly, though, the package did bring together the political consultation mechanisms and the economic 'early warning' devices that had previously been separated both conceptually and institutionally. Not only this, but the section of the Action Plan dealing with economic co-operation committed the EU and the US to explore the completion of the 'Transatlantic Marketplace' (Piening 1997: 111). Whilst some commentators could legitimately focus on what was excluded from the framework (Barber 1995), others could with equal force focus on the ways in which the initially modest aims had moved into a far more ambitious range, touching major issues of political and security relations (Gooch 1995).

The implementation of the NTA and the Action Plan was also to a degree innovative, given that they included provision for six-monthly reviews and for the inclusion of additional measures for joint action. Thus, the SLG was able to report on the progress achieved in a number of key areas through 1996 and 1997. The problem was that the SLG could also report the occurrence of a number of severe disputes. The primary focus of tensions was the conflict over unilateral and extra-territorial US sanctions legislation, in the form of the Helms-Burton and D'Amato Acts (Allen and Smith 1997, 1998). Although these were the most acrimonious confrontations, there was a series of sharp trade disputes, and an increasing number of disputes in areas involving competition policy or health and safety issues. For two 'powers' which had committed themselves to 'partnership in leadership' in the world political economy, and to the promotion of the multilateral system, EU-US relations during the years 1996-1998 presented an unedifying spectacle, capped off by the 'banana war' which came to a head

in late 1998. Progress in some areas, such as the completion of mutual recognition agreements for conformity assessment procedures, was strongly offset by the increased politicisation of many areas in EU-US relations, and by the strategies both of Washington and of Brussels in respect of international commercial diplomacy at the transatlantic, inter-regional and multilateral levels (van Scherpenberg 1996).

1995-: The Transatlantic Business Dialogue: Private Strategies

The public role of private business in transatlantic economic relations emerged with the Transatlantic Business Dialogue. The TABD's origins lie formally in a December 1994 proposal made by the late Commerce secretary Ron Brown, in a speech sponsored by the EU Committee of the AmCham (American Chamber of Commerce) in Brussels. The Brown speech noted that business – the socio-economic group that bore the costs of regulatory programs -- was 'ahead' of governmental authorities in thinking about transatlantic and global market issues, and therefore, needed to be more closely consulted in the management of transatlantic economic relations. Brown's public statement for a closer business-government relationship was also motivated by private considerations. It was believed in US government circles, for example, that the US had a comparative advantage in trade negotiations where the voice of business was influential, at least as compared with the European Commission. The fact that the Republican Congressional leadership was toying with the elimination of the Commerce Department may have also influenced the Commerce Secretary to secure a viable role as well as industry support in external U.S. trade matters (Cowles 1999b).

In April 1995, Ron Brown, together with Commissioners Sir Leon Brittan (DGI) and Martin Bangemann (DGIII) sent a joint letter – the so-called 'Three B' letter – to approximately 1800 US and European industry officials asking for their views on creating a transatlantic business forum with a view on lowering tariffs. In effect, the letter raised the possibility of pursuing a transatlantic free trade area – something that would be formally raised in official government circles a month later. The industry groups and firms' response over the next few months to the 'Three B' letter, however, surprised government officials. European and American businesses replied that lowering or eliminating the relatively low EU-US tariff schedules was not a high priority. Instead, industry argued that duplicate standards, testing, and certification procedures in the transatlantic markets were far more costly and of greater concern to producers (Cowles 1999b).

By the time a joint US-EU steering committee, comprised of both industry and government officials, met for the first time in Brussels during July 1995 to discuss a transatlantic business-government relationship, the US and EU agreed to address industry's concerns on regulatory as opposed to tariff matters. Four transatlantic business working groups were set up, to prepare papers for a conference to be held in Seville during November 1995: these groups focused respectively on standards, certification and testing issues; on trade liberalisation; on investment; and on third country relations. In addition, it was decided that chief executive officers (CEOs) would serve as the business interlocutors at the conference – and not the traditional industry associations. Steering committee members believed that not only would the presence of CEOs give the future

Transatlantic Business Dialogue (TABD) greater visibility, but their status would allow for greater involvement in discussions with government officials.

Preparations for the Seville conference were not easy. In the United States, where the government-business relationship was at its closest, there was a need to develop greater cross-department co-ordination between the Commerce Department, the United States Trade Representative (USTR), and the State Department for the initiative. Considerable effort was invested in reassuring trade associations and other groups that their traditional access to government and their official role as transatlantic interlocutors was not under threat. The so-called 'Muffin Group' came to dominate the preparations, consisting as it did of the representatives of key CEOs, with the Commerce Department as an observer and 'recruiting agent' for CEOs to attend the Seville conference. In general, this phase of the process demonstrated the legacy of several decades of government-business interaction over trade issues (Vogel 1989), although it was clear that the momentum increasingly lay with the companies.

On the EU side, the problems were compounded. For example, while Commission officials were able to recruit a number of leading company officials, usually chairmen of the board, the company leaders themselves were new political actors to transatlantic trade initiatives. Because industry associations were historically the primary interlocutors on trade matters, the CEOs and Board Chairmen faced an entirely new set of political issues. The greater problem on the EU side, however, rested in creating a constructive relationship between European companies and the Commission. While European firms had begun to mobilise and lobby the Commission in the mid-1980s to promote the Single Market program, as discussed above, they had not been involved in trade negotiations, including the Uruguay round. Moreover, while the Commission agreed with Commerce that CEOs should drive the process, this represented a challenge to the traditional 'insider' relationships between trade associations, the 'social partners' and the European institutions (Cowles 1999c). Thus UNICE, the employers' federation, took a strong line on its right to participate, and was only with difficulty confined to a role on the Steering Committee.

At the same time, there were questions to be answered about the Commission's competence on matters that spanned the range of regulatory policies and trade policies; it was not clear that the Commission was always the legitimate interlocutor (or which part of it should be), and how it related to national authorities. The politics of trade policy in the EU, with little in the way of direct industry-Commission interaction and a premium on the use of national governments as lobbyists within the context of the 113 Committee, also constituted a barrier to effective relationships, whilst the preference of DG I for broad 'package' negotiations rather than sectoral discussions meant that there was a cultural as well as an institutional barrier to be overcome (Johnson 1998, Cowles 1999b, Smith 1999a and 1999c forthcoming).

The Seville Conference represented in this context both a significant sign of progress and a focus for the differences between the two sides of the Atlantic (de Jonquieres and Barber 1995). American participants arrived well-prepared and with a determination to get specific results; the Europeans were patchily prepared and preferred to focus on general principles. But according to most participants, and measured by the extent of formal agreement, the conference was a considerable success, with over 70 specific recommendations forwarded to the EU and the US for consideration within the

context of the broader transatlantic dialogue. Around 60 of these were incorporated in the New Transatlantic Agenda agreed in Madrid in December 1995, and there was formal agreement that the TABD should be included in the NTA itself.

On the basis of the 'spirit of Seville' and the concrete achievements expressed in the NTA, the TABD developed during 1996 into a more elaborate set of structures. These were based on an initial fifteen 'issue groups' covering a wide range of regulatory and trade issues (and incidentally, formalising the challenge to the 'package' approach of DG I and EU trade negotiators). Moreover, a closer business-government co-ordination emerged. For example, the European Commission developed a "contacts list" in which key Commission officials were identified as the official interlocutors for industry in each TABD issues area. More generally, the first half of 1996 saw an elaboration of business perspectives and a framing of expectations which included some very specific calls for agreements at the June EU-US summit meeting. There was also a general concern with the strategy and even the language to be pressed on the governmental authorities in the context of the WTO, and specifically the first WTO summit to be held in Singapore at the end of 1996. But progress began to slow, in the light of governmental pre-occupation with the Helms-Burton conflict (see above) and the perceived slowness of the governmental machinery in responding to the TABD's demands.

This meant that by the middle of 1996, TABD leaders announced their readiness to cancel the initiative if they did not get assurances of governmental support from both sides of the Atlantic. Although it was recognised that many of the Seville recommendations were for the long term, the CEOs felt there was a need for some results in addition to the undoubted learning that was taking place on both sides of the Atlantic. This is not to down-play the 'confidence-building' implications of the TABD process; rather it is to illustrate the several strands of business-government interaction that had been set up as the result of the initial success. The second full TABD conference, held in Chicago in November 1996, took a different form from the Seville Conference; rather than a business-to-business dialogue, it was an explicitly business-to-government dialogue, with the aim of continuing the education and confidence-building processes and of ensuring that neither the US government nor the EU institutions could ignore the business dimension (for general detail, see the Commission 1996 report on the conference).

This paid immediate dividends in the sense that the Chicago meeting was able to find a way to clear a log-jam on the conclusion of Mutual Recognition Agreements covering a number of sectors (later formalised during 1997), as well as making progress on a Customs Co-operation and Mutual Assistance Agreement, and making clear the views of industry on negotiations for an Information Technology Agreement in the WTO context. There was even pressure from the CEOs for a resolution of the problems of extra-territoriality which had led in large part to the EU-US dispute over Helms-Burton.

After these successes, the industry leaders of the TABD were anxious to consolidate, by widening the circle of participants, particularly in the issue groups, and by widening the geographical coverage of the body. There was a major information campaign in 1997, to increase the salience of the TABD not only with additional industry participants but also with legislatures in both the USA and EU Member states. Meanwhile, the structure of the TABD was enhanced by the creation of three overarching focuses, in each of which areas there was a set of separate sectors or issues run by

a US and an EU issue manager. There was much more a sense that the TABD should concentrate on forms of advocacy in areas where there were agreed priorities, and where the TABD could make a compelling case for governmental action; expressed most clearly in the development of a 'priorities paper' identifying pressing needs for progress, which became an organising device for industry-government interactions. Nonetheless, the governments managed to resist agreement on the MRA until perilously close to the EU-US summit of May 1997 (and in fact did not formally conclude agreement until June) (Nicolaidis and Schmitz 1998). Interestingly, TABD industry representatives were not only kept apprised of the MRA proceedings, they were even called into what became, at times, a 'quadrilateral' negotiations with the governmental authorities (Cowles 1999b). At least one leading journal attributed the MRA success story to the TABD process itself ('Strength of Dialogue' 1997).

By the November 1997 Rome conference of the TABD, industry leaders were actively shaping the transatlantic trade agenda. There was a clear sense that the TABD could influence not only what the governmental authorities should do, but also what they should not do. It seemed that in addition to positive pressure for improvement of the MRA, or for progress in WTO issues, there was a capacity to keep off the agenda in either the EU or the US proposals that carried potential costs for industry without promising much in the way of concrete benefits (Tagliabue 1997). With the inclusion in the TABD agenda of electronic commerce issues, it was also evident that the forum could be used to explore emerging issues of potentially great significance.

Finally, TABD welcomed the US administration's creation of an inter-agency group comprised of the key contact people in each department and regulatory agency responsible for TABD matters to ensure proper co-ordination and implementation of TABD issues. In many respects, the interagency group mimicked the earlier EU 'contacts group' initiative. Thus, it appeared that the TABD was becoming embedded in the governmental context. Whereas the TABD process began with the support of high-level government officials, the process now penetrated through the layers of government. Now there was support for the business leaders' initiatives at the staff level as well.¹ The boundary between private strategies and public goals had been blurred.

1998-1999: From the New Transatlantic Marketplace Agreement to the Transatlantic Economic Partnership

In certain respects, the Transatlantic Business Dialogue was the "success story" of the New Transatlantic Agenda. EU and US government officials alike touted the achievements made through the TABD. 1998 saw the TABD undertake a 'scorecard' initiative in which transatlantic business leaders evaluated whether or not US and EU government officials were meeting their stated goals and implementation schedules. The stock-taking exercise prompted business representatives to become even more engaged with their government counterparts.

At the same time, however, the implicit tensions brought on by the Helms-Burton legislation and the WTO "banana wars" led some to propose by 1997 that a new transatlantic agreement was needed to transcend the current difficulties. As discussed

¹ Interview with former TABD official, Washington, DC, May 25, 1999.

below, the transatlantic initiatives that emerged demonstrated the various strands of the public goals and private strategies. The New Transatlantic Market Place (NTMA) could be viewed as a traditional public policy initiative. Once the NTMA failed, however, the process leading to the Transatlantic Economic Partnership (TEP) was one in which private actors played an important political role. Indeed, the TEP, as we argue, signalled an important milestone in public/private interaction on transatlantic matters.

High-level officials in both the US and EU determined that a new initiative was needed beyond the NTA in order to defeat domestic pressures for protection, to take advantage of common economic interests and to promote the multilateral system, a new form of freer trade agreement could be sought (Treverton 1997). In fact, the argument was for something more than freer trade: it encompassed measures dealing with the provision of services, the promotion of investment and the exploration of monetary co-operation which reflected the ways in which the EU in particular was moving during the early and mid-1990s. It was also informed by an important perception about the world economy: the turbulence and crisis set off by financial instability in a number of Asia-Pacific economies made the transatlantic relationship look a much safer bet in terms of global economic strategy (Barber 1998).

In February 1998, after some months of preparation, Sir Leon Brittan, the EU Commissioner for external economic relations and relations with the US, produced a plan for a New Transatlantic Marketplace Agreement (NTMA). Amongst other proposals, this focused on the abolition of tariffs on trade in industrial goods; a free trade area in services between the EU and the US; further acceleration of mutual recognition agreements; and a set of procedures to deal with vexatious trade disputes such as those over agriculture and public procurement. In many ways, this set of proposals connected with what has been termed the 'new agenda' of commercial concerns which intersect with areas of security broadly defined (Peterson and Ward 1995). It also marked a further step in the assertiveness of the EU and specifically the EU as a strategic player in the world political economy (Smith 1998). By putting forward a set of measures to further integration at the transatlantic level, the implicit aim was in the first place to trump domestic pressures for protection in both the EU and the US, and secondly to consolidate the EU-US alliance as the dominant axis within the World Trade Organisation and other multilateral bodies.

The TABD had not been consulted prior to the NTMA proposal – which some individuals in both government and industry saw as Sir Leon's personal project. Nonetheless, government officials consulted extensively with TABD regarding the NTMA's strengths and weaknesses. In general, business representatives expressed cautious support for the NTMA as long as it did not interfere with the TABD process itself. Indeed, many saw the NTMA as a broader political framework placed upon the original TABD goals – a 'political top-down exercise on TABD's bottom-up approach' (Cowles 1999b).

It was not long before the NTMA proposal met obstacles. Within the EU, the French opposed any set of proposals including agriculture and other sensitive areas; whilst French opposition was on 'national' grounds, the Dutch equally worried about any proposals that might undermine the multilateral system. In the US, although the federal government was inclined to favour the proposal (as long as it included agriculture in particular), there was considerable caution about the impact on domestic opinion, and there was the practical difficulty that at least some of the measures proposed would have

to be implemented at the sub-federal level - a point which had already caused difficulty with the Single Market Programme and public procurement (Woolcock 1991, Hocking and Smith 1997: chapter 7). As discussions proceeded, it also became apparent that in order to further the kind of 'deep' integration desired by some proponents of the NTMA, a number of institutional issues needed to be addressed both in the EU and in the US. Not only this, but the persistence of highly charged and thoroughly politicised disputes such as that over Helms-Burton got in the way of 'great leaps forward'.

As a result, the first half of 1998 saw a progressive narrowing of the ambitions initially espoused for the NTMA. In effect, the NTMA proposals became dead in the water, but this did not eliminate all desire to move forward. What effectively happened was a re-assertion of the 'building block logic' which had shaped the NTA and the Action Plan. The result was agreement at the Birmingham EU-US summit in May 1998 on the development of a Transatlantic Economic Partnership (TEP), in which the predominant flavour was a rededication to the multilateral system and the further exploration of specific initiatives to further agreement in areas such as mutual recognition of conformity assessment procedures (Frost 1998). The overall impression was of a retreat from any 'big ideas' and a focus on the building blocks within the context of moves towards a new round of multilateral trade negotiations (the so-called 'Millennium Round'). By the autumn of 1998, there had been moves towards the development of an Action Plan, focused on a number of key areas: agricultural regulatory policy and biotechnology; intellectual property rights, government procurement, e-commerce, services, standards and mutual recognition agreements, and a broad category of 'civil society issues' including environment and labour standards (Balls 1998). It is worth listing these areas, since this makes it clear that the agenda is not really new: it consists of a number of issues already identified in the 1995 Action Plan, and most of the TABD agenda. Indeed, the TEP matched much more accurately the preferences of TABD members, given its focus on the enhancement of political co-ordination in selected areas of trade expansion.

In fact, the TABD was 'very involved' in the development of the TEP and its action plan.² In certain respects, the TABD's influence was more indirect than direct. Business leaders did not actively lobby for specific TEP language per se. However, government officials responsible for writing the TEP consulted TABD officials extensively. In the end, the TEP encouraged other "stakeholders" to set up their own dialogue after the TABD format. The document also called for specific negotiation and implementation deadlines in a manner similar to that undertaken by the TABD. As one former TABD official noted, the government authors formalised the transatlantic relationship by reflecting the way TABD has been operating.³

Conclusion: The Public/Private Dimension in the Transatlantic Relationship

In reviewing these events from the 1990s, one could analyse them in terms of traditional public diplomacy of transatlantic relations. In each phase – the 1989-90 TAD, the 1994-95 TAFTA and NTA, and 1998-99 TEP – strategic moves were made in the

² Ibid.

³ Ibid.

context of developments in three interconnected domains: the post-Cold War context, the EU and US domestic context and the context of the global political economy.

Through this 'public diplomacy' lens, the TAD can be interpreted as a response by the USA to fears of structural weakness in the post-Cold War era. In other words, this was a document pervaded by the perception of positional advantage and disadvantage in the 'new Europe', with the Americans anxious to counter EU introspection, to encourage burden sharing and to link the EC-US relationship with the security relationship encapsulated in NATO. Institutional links were accorded strategic priority, and on the side of the EU there were doubts about the extent to which a broad transatlantic agreement was desirable or feasible. In specifically economic areas, there was resistance both to the imposition of a US agenda and to co-optation into a US-shaped multilateral trade agenda. Nonetheless, the infrastructure created by the TAD, and the growth of habits of co-operation, prompted a growing impetus towards more wide-ranging co-operation in issues of political economy, from competition and anti-trust to biotechnology.

This led to the TAFTA and NTA by those who wanted in 1995 to counter US introspection and withdrawal. Although the TAFTA proposal with its implicit strategic aims (especially on the EU's part) fell almost at the first hurdle, it created the context in which the NTA and the Action Plan could be developed. In this development, the infrastructure of co-operation and policy-sharing created under the aegis of the TAD could be used as a basis for the 'building block' approach to transatlantic co-operation. Finally, the NTMA and the TEP, if not a replay of the 1995 progression from TAFTA to NTA, have some of the same qualities: an initial 'big idea, resistance by elements on both sides of the Atlantic, and final adoption of more 'building blocks' and facilitating mechanisms.

The creation of "building blocks" was not necessarily a sign of failure. As Paterson and Ward have suggested, the growing integration of the EU and the growing symmetry of EU-US relations may have combined to produce a form of 'coalitional stability' within which the failure of grand designs is not necessarily a conclusive indicator of failure in the relationship as a whole. The building block approach could also be interpreted as a product of systemic forces -- divergent state preferences, sectoral tensions, and tensions between the transatlantic and other levels in the world economy -- coupled with cross-national and cross-departmental policy demands that resulted in more "satisficing" outcomes.

Yet, as we argue, these same systemic implications and policy demands created the conditions for the mixing of public-private interaction as evidenced by the TABD and its subsequent influence on the TEP. One could argue that the changing security context -- the new fluidity of the post-Cold War era -- played its part in generating the private strategies. The systemic features of interconnectedness and interpenetration -- the boom in foreign direct investment in each other's markets and the corresponding growth of behind-the-border issues -- coupled with the interaction of industrial cultures clearly influenced the TABD's creation. Thus we find at the core of the TABD agenda -- which includes mutual recognition agreements, customs agreements, electronic commerce initiatives. etc. -- the call to address the key demands of cross-national and cross-

interagency policy committees, quadrilateral negotiating fora, etc., -- has helped create new means of cross-department, cross-national, multi-level, and extra-national business-government co-ordination to address the private strategies of business leaders.

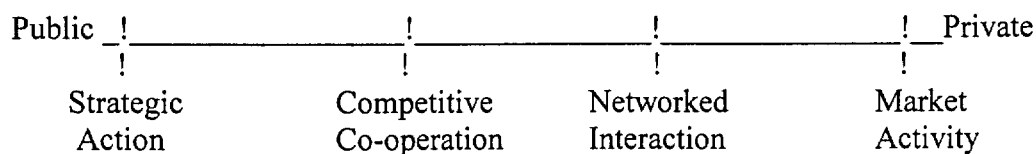
In short, with the TABD, we are dealing with a very different relationship between public goals and private strategies. Although it is apparent that public goals and the preferences of public officials played a key role in the initiation of the TABD and remain influential, it is by no means clear that they are the predominant influence. The TABD has developed a life of its own in the sense of institutional development and consolidation. Whereas in 'traditional' trade policy matters the private interests might be characterised as petitioners or pressurizers, in the TABD it appears that they have emerged as initiators and evaluators, and even as negotiators. The ways in which public authorities have found themselves subject to assessment by the TABD, and have come to include it in their negotiating stances, suggest that here we are seeing a witnessing a rather novel transatlantic economic partnership by the end of the 1990s.

A Spectrum of Public/Private Interaction

How do we conceptualise the coming together of "public" and "private" spheres in the transatlantic relationship? On one hand, given our case study, it would be tempting to view the events of the 1990s as simply a linear progression toward public/private interaction. In fact, however, the picture is much more nuanced and complex. It appears that the type of public/private linkage might depend very much on the issues at hand (Lowi) as well as the stage of the policymaking process (Kingdon).

One might better understand the dynamics of the public and private strands of the transatlantic economic relationship in terms of a spectrum (see Figure 1 below). On one end of the spectrum are the private market activities of firms that are quite separate from public policymaking. On the other end of the spectrum, one finds the "strategic action" at the national or regional level to promote desired outcomes (Cerny 1997, Krugman, Stubbs and Underhill 1999 forthcoming), or what one might call the 'high politics' of European-American relations after the Cold War (Peterson and Ward 1995). This activity privileges the role of public authorities assumed to have relatively unified preference orderings and welfare functions. In the middle of the spectrum, however, we find various mixes of public-private co-operation, and networks where private actors can play an important, if not sometimes dominant, role in the policymaking process.

Figure 1: The Public/Private Spectrum



The boundary between public goals and private strategies in EU-US relations is not only a moveable one, but also a multi-dimensional one. By developing a set of typologies, we can identify and evaluate the dimensions of this boundary, and point to a number of likely effects when the boundary shifts or is penetrated. We propose to base these typologies on four elements: first, the goals espoused by participants in the system; second, the focus of interactions within the system; third, the qualities of interactions within the system; finally, the outcomes of interactions within the system. Attention to these four elements should enable us to draw an admittedly stylized picture of a given issue area in EU-US relations, and to add flesh to the bones of the spectrum between strategic action and networked interaction.

At the public strategic action end of the spectrum we would expect to see goals directed towards strategic gains or systemic advantage, espoused and enunciated by public authorities; interactions focused on the relations between central governmental authorities, notwithstanding that those authorities may be subject to external pressures from both public and private groupings; interaction processes characterised by power, bargaining and relative gains; outcomes characterised by attention to relative gains, status and authority within the EU-US system. This, it is clear, is very closely related to neo-realist conceptions of international political economy, and can also be termed a structural realist view, given the attention it pays to relative 'positioning'. In terms of our narratives, evidence for this perspective can be found in the 'public diplomacy' of successive transatlantic framework agreements, and particularly in the ways in which these have been infused by political sentiments and broader systemic needs; for example in the emergence of the TAD or the limits set to the NTMA initiative.

Moving to the right on the spectrum, we can discern a condition that has been termed 'competitive co-operation', in which goals are the product of complex aggregation processes, but are nonetheless pursued by public governmental authorities as the exclusive 'channel' for legitimate action; the focus of interactions is pluralistic, in the sense that a wide range of public authorities and public-private partnerships may be discerned; interaction processes are characterised by a search for institutional solutions and rules, in which gains may be mutual as well as relative; and outcomes are expressed in terms of influence over or within institutions, with the legitimacy of public goals and authority central. This image relates at least in part to liberal institutionalist views of international political economy. From our narratives, we can draw significant evidence of this type of process. Thus, the development of the infrastructure of transatlantic management under the TAD, and the ways in which this fed into the later elaboration of the NTA and the Action Plan, provide important support for this approach. Likewise, the ways in which the 'building block' approach to transatlantic economic management has persisted and re-surfaced in the TEP provide additional validation of this analysis.

At the networked interaction point on the spectrum, we would anticipate goals which are frequently the product of private interactions and preferences, espoused by a range of non-governmental actors as well as governmental authorities (which may themselves be disaggregated); interactions focused on several layers of activity, but often channelled through specific sectors, with public-private exchange a key characteristic; interaction processes characterised by problem-solving and attention to absolute rather than relative gains; outcomes centred on policy learning, habit and policy-sharing. The lineages of this image are best traced through the many studies of policy networks which

on the whole have not been linked systematically to the study of EU-US relations, but which have an increasing influence in some approaches to globalisation and regionalisation. In this context, our case study illustrates the importance of sectoral or technical interactions, primarily within the institutionalised context of the TABD (which is to a degree embedded within a governmental context sponsored by specific agencies and departments in the US and the EU). If we had explored in more detail the dynamics of specific sectors such as commercial aviation, or food policies, we would have expected to see further evidence of private strategies couched in terms of technical and commercial costs and benefits, and interacting less comfortably with governmental strategies or priorities.

As is obvious from these preliminary evaluations, we are dealing in the transatlantic economic partnership with a world of variation rather than a world of dichotomies. Although we deliberately 'fixed' our case study on the development of transatlantic frameworks for co-operation in the 1990s rather than on sectoral studies (although we recognise that the TABD focuses on sectoral issues), it is clear even at this stage that important variations are discernible at the sectoral level. If we conceive of the transatlantic relationship as one directed towards the management of an evolving economic space, we become aware that public goals and private strategies intersect and interact in ways which are intriguing and influential. For example, in the organisation and management of 'technical spaces' such as those suggested by a study of the mutual recognition process, it is clear that there are important questions of 'ownership' and initiative, as well as issues of a broadly cultural nature (Nicolaidis and Schmitz 1996, Woolcock 1991). This suggests to us that in such areas a focus on issue structures, opportunity structures and the mobilisation of organisational and institutional resources will be central to further empirical research (Smith 1999b forthcoming). Once these questions are raised, it becomes important for example to explore the dynamics of organisational structures such as corporate alliances, since these can profoundly modify the spectrum of relationships we have outlined. In other words, one must also pay closer attention to how market activity itself can further influence public/private policymaking.

Whether or not this spectrum proves to be the most effective means of capturing the complexities of the relationships we have touched upon, there is clearly a need for more searching study of the public/private dimension of the transatlantic economic partnership. As we hope our study has shown, the public goals of government authorities and private strategies of large firms have become intertwined in novel and important ways in the transatlantic relationship of the 1990s. How these goals and strategies continue to develop will be important if we are to accurately understand the US-EU partnership in the future.

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